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External debt sustainability and development

Report of the Secretary-General

Summary

The present report, submitted pursuant to General Assembly resolution 68/202, analyses the evolution of debt indicators of developing countries and transition economies. It provides an assessment of progress under international debt relief initiatives and the reform of credit rating agencies. The report discusses emerging and existing challenges of developing countries in maintaining debt sustainability and the renewed debate surrounding a sovereign debt workout mechanism.

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I. Introduction

1. The General Assembly, in its resolution 68/202, requested the Secretary-General to submit a report to the Assembly at its sixty-ninth session on the implementation of the resolution and to include in that report a comprehensive and substantive analysis of the external debt situation of developing countries and options for enhanced approaches to debt restructuring and resolution mechanisms that take into account the multiple dimensions of debt sustainability. In compliance with that request, the present report examines recent developments in the external debt and debt service situation of developing countries and transition economies and discusses emerging and existing challenges faced by developing countries in maintaining debt sustainability. The report examines recent developments and the renewed debate surrounding a sovereign debt workout mechanism and concludes with policy recommendations.

II. Overview and trends

2. The total external debt stocks of developing countries and transition economies (henceforth "developing countries") reached $6 trillion in 2013, indicating an 8.7 per cent increase over 2012 stocks (see annex).[1] This marks the fourth consecutive year that the external debt growth of developing countries has exceeded the average growth rate of approximately 7 per cent that persisted for nearly a decade prior to 2010.

3. Long-term debt represented approximately 72 per cent of total debt stocks in 2013, as in 2012, and was mainly owed to private creditors. The share of official long-term lending to developing countries continued to decline in 2013, as in 2012. However, the share of short-term debt increased from $1.26 trillion in 2011 to $1.35 trillion in 2012, reaching $1.5 trillion in 2013.

4. The average real gross domestic product (GDP) of the group grew by 5 per cent in 2012 and slowed to 4.7 per cent in 2013. Exports continued to grow by 4.2 per cent in 2012 and by 4.4 per cent in 2013. In spite of the slight improvement in export growth, debt ratios for the group continued to worsen in 2013. Total debt to GDP increased to 22.7 per cent in 2013, following increases in ratios in 2011 and 2012 to 20.9 and 21.7 per cent, respectively. Debt service to exports rose from 7.9 to 8.3 per cent, and total debt to exports increased from 72.8 per cent to 75.9 per cent from 2012 to 2013.

5. International reserves for developing countries increased to $6.8 trillion in 2013, from nearly $6.3 trillion in 2012. This represents a major improvement in the growth rate of reserves from 4.5 per cent in 2012, the lowest rate in more than a decade, to 8.5 per cent in 2013. The stock of international reserves continues to exceed the stock of total debt for developing countries as a whole. While the growth in international reserves in developing countries has been unprecedented since 2000, the faster growth of debt than reserves since 2008 is a concern. Ninety out of 93 countries, for which 2012 short-term debt data was available, have international reserves that cover more than 100 per cent of their short-term debt, making a

[1] United Nations Conference on Trade and Development (UNCTAD) secretariat calculations based on the World Bank 2014 International Debt Statistics online database.

liquidity crisis in developing countries a low probability. Since 2000, international reserves in developing countries have further grown at an unprecedented rate, although a significant part of this growth may be due to borrowed reserves given that non-residents may increase their holdings of liabilities such as equity investment or debt. One unintended consequence of the expansionary quantitative easing programmes of the United States of America and the United Kingdom of Great Britain and Northern Ireland has been a surge of capital inflows from 2009 to 2013 to developing countries. Emerging market countries have in part converted the inflowing capital into exchange reserves.

Regional trends

6. Total debt stocks in Eastern Europe and Central Asia continued to grow by 6 per cent from 2012 to 2013, marking a slight increase from the previous year's growth of 5 per cent. The region's total debt to GDP ratio has remained steady since 2012 but was the highest (40.8 per cent) among all the regions in 2013. Short-term debt as a share of total debt stocks was stable at approximately 18 per cent, close to the average for the previous decade (17 per cent). Other debt ratios have increased slightly, with debt service to GDP and total debt to GDP increasing by less than 1 per cent and debt service to exports increasing by 1.5 per cent. The region's international reserves remained constant from 2012 to 2013 following a 7 per cent increase in 2011.

7. The growth of total debt stocks in sub-Saharan Africa slowed to 4 per cent in 2013, down from 11 per cent in 2012 and 2011. The share of short-term debt in total debt stocks remained relatively constant at 15 per cent in 2013, registering just a 1 per cent decrease from 2012. The region's debt service to exports and debt service to GDP ratios increased by less than half a per cent, while the total debt to exports increased by 3 per cent from 2012 to 2013. In 2013, the region grew by about 5 per cent. International reserves for the region increased by 1 per cent in 2013 following an increase of 12 per cent in 2012. However, downside risks posed to the region's future growth include a prolonged period of slow global growth, a contraction of investment in emerging market countries in addition to challenges faced by internal conflicts and adverse climate developments. While the debt ratios of many countries in the region have improved, thanks to international debt relief initiatives, many countries remain vulnerable to economic downturns as their capacity to finance larger deficits is constrained by the size of domestic financial markets. The increased ability of some countries in the region to issue international sovereign bonds is due to favourable global conditions. This has contributed to a shift in the composition of the region's debt, increasing the region's currency exposure, bringing new challenges for countries to monitor and manage.

8. In Latin America and the Caribbean, the growth of total debt stocks slowed in 2013 to 7 per cent, down from 12 and 13 per cent in 2012 and 2011, respectively. The share of short-term debt remained constant at 14 per cent from 2011 to 2013. The region's debt ratios have increased incrementally over recent years. The growth in international reserves also slowed to 3 per cent in 2013, down from 8 and 17 per cent in 2012 and 2011. Growth in the region is low and below the average of the past decade, which has been attributed to sluggish external and moderating domestic demand. Increases in United States interest rates have triggered sell-offs in the region's emerging markets and the resulting capital market volatility has had an

impact on, inter alia, exchange rates, stock markets, sovereign spreads and bond yields. As a result of moderate debt levels, countries in the region have thus far managed to navigate the turbulence owing in part to Government buffers, official reserves and flexible exchange rates; yet downside risks persist.[2]

9. Within the region, the Caribbean continues to face increasing public debt difficulties, where debt reduction remains a key policy priority. Growth in the Caribbean remains weak owing to subdued construction and tourism sectors, tourism being the main economic activity. Except for commodity exporting economies, this has made the Caribbean countries highly susceptible to external shocks.

10. The total debt stocks in the Middle East and North Africa continued to grow at 9 per cent in 2013, as in 2012. The share of short-term debt rose slightly from 21 to 23 per cent from 2012 to 2013, a higher share than the 17 per cent average from 2000 to 2009. The increase in debt stocks is reflected in incremental increases in the region's debt ratios, including debt service to exports, total debt to exports and debt service to GDP. International reserves increased by 3 per cent in 2013 after contracting by 4 per cent in 2012. Growth in the region is expected to improve in the short term, though the outlook has weakened partly owing to the ongoing uncertainties associated with political instability, sanctions and conflicts in the region. Concern remains that improvements in growth will be insufficient to reduce the high levels of unemployment.

11. Growth of total debt stocks in East Asia and the Pacific amounted to 15 per cent in 2013, following increases of 10 and 19 per cent in 2012 and 2011, respectively. Owing to stronger growth in the region, total debt to GDP increased by less than 1 per cent in 2013 to 14.6 per cent. From 2012 to 2013, other debt ratios, namely debt service to exports and debt service to GDP, remained constant, while the total debt to exports ratio increased from 42.2 to 44.3 per cent. The international reserves increased by 13 per cent, marking the largest increase of all the regions surveyed. Short-term debt continues to represent a large share of the region's debt (48 per cent in 2013), which is relatively constant at 2012 and 2011 levels.

12. Emerging market economies in South Asia and East Asia and the Pacific have also been subject to volatile capital flows that were driven by the increased attractiveness of investments in developed economies owing to changes in monetary policy in the United States. The improved economic outlook in developed economies is expected to boost export sectors in the region. Moreover, growth in both regions relies heavily on China's economic performance, leaving them exposed to unexpected changes in economic activity. Growth rates in both regions are forecast to be between 5 and 6 per cent, despite the uncertainties surrounding global growth prospects.

III. Least developed countries

13. In 2013, the total external debt of the 48 least developed countries increased by $16.8 billion or 9.5 per cent compared with 2012 as a group. Most of the increase in the debt stock was in long-term private debt, whereas short-term debt decreased.

[2] International Monetary Fund (IMF), *Regional Economic Outlook: Western Hemisphere — Rising Challenges*, World Economic and Financial Surveys (Washington, D.C., April 2014).

The increase in debt stock from 2012 to 2013 resulted in an increase of debt to GDP from 25.5 to 26.5 per cent and the ratio of total debt as a percentage of exports also increased from 87.1 to 89.4 per cent.

14. The ratio of debt service to GDP and exports for the least developed countries remained low at 1.2 per cent and 4.2 per cent, respectively, in 2013. This is the result of the highly concessional terms of the majority of external debt for least developed countries, which is primarily long-term debt (83 per cent). Short-term debt totalled $15.7 billion in 2013, a reduction of $1.4 billion compared with 2012. The total amount of foreign currency reserves increased from $63.3 billion in 2012 to $71.8 billion in 2013, which covered nearly six times the amount of short-term debt of these countries.

15. As at March 2014,[3] there was one least developed country in debt distress (Sudan) and nine least developed countries at a high risk of debt distress (Afghanistan, Burundi, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Haiti, Kiribati and Sao Tome and Principe). Myanmar's status changed from being classified as in debt distress in 2012 to having a low risk of debt distress in 2013, following debt cancellation of nearly $6 billion at the Paris Club in January 2013.[4]

16. On average, the performance of the least developed countries improved slightly in 2013, with average GDP growth of 4.5 per cent, compared with 4.3 per cent in 2012.[5]

17. In 2013, the current account balances of 27 least developed countries worsened, while the fiscal deficits widened in 30 least developed countries. Seventeen least developed countries ran double-digit current account deficits in 2013. In particular, Liberia and Mozambique continued to run high current account deficits of over 30 per cent of their GDP in 2013, as in 2012. Imports of goods and services are projected to increase in least developed countries that continue to expand their production capacity, while exports as a percentage of GDP are projected to decline in a number of countries. This partly reflects lower demand for commodities from emerging markets. By contrast, exports as a percentage of GDP are projected to increase in a number of least developed countries that have recently expanded their mining production capacity. The large current account deficits require careful monitoring as countries with large fiscal deficits and high debt burdens will have less policy space to adopt expansionary policies.

18. The magnitude of recent sovereign bond flows to sub-Saharan Africa reached $5 billion in 2013, marking the highest level to date. This level is equivalent to 20 per cent of aid and 12 per cent of foreign direct investment (FDI) for the region.[6] A number of least developed countries such as Rwanda, the United Republic of Tanzania and Zambia have diversified from the traditional concessional loans and joined the international financial market to borrow on commercial terms. Many of these countries are motivated to access finance on the international market because

[3] IMF list of low-income countries' debt sustainability analyses for Poverty Reduction and Growth Trust-eligible countries as at 4 April 2013 (available from www.imf.org).

[4] Paris Club press release. Available from www.clubdeparis.org/sections/communication/archives-2013/myanmar-20130128.

[5] UNCTAD staff calculations based on IMF World Economic Outlook data.

[6] Overseas Development Institute briefing No. 87, "Sovereign bonds in sub-Saharan Africa: good for growth or ahead of time?" (April 2014).

they can issue bonds at a lower interest rate compared with borrowing from domestic markets. The yields on four out of eight rated sub-Saharan African eurobond issuers were lower than 5 per cent in 2013.[7]

19. Greater access to the international financial market could help least developed countries to mobilize resources to meet their long-term infrastructure needs for economic growth. However, the least developed countries should pursue active debt management to mitigate the risks associated with these new financial instruments, including rollover risk, currency risk and greater macroeconomic volatility from large capital inflows. For instance, there could be peaks in the debt redemption profiles at maturity of the bonds owing to large principal payments, which may become difficult to roll over if a need arises. In the event of a sharp depreciation of domestic currency, not only could the interest payments on the Eurobond become more expensive than the interest payments on an equivalent domestic bond, but the principal payments in terms of domestic currency may rise significantly, increasing the risk of default and/or rollover risk at maturity. This could undo the benefits of lower interest rates on Eurobonds than on domestic bonds. Moreover, large short-term capital inflows may lead to undue appreciation of the domestic currency, credit booms and inflation, creating problems for monetary policy. It is therefore crucial that countries are able to manage such capital inflows and volatility while taking advantage of the favourable conditions in international financial markets.

IV. International debt relief initiatives

A. Progress of the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative

20. Since the previous report (A/68/203), there has been no change in the status of countries eligible to benefit under the Heavily Indebted Poor Countries (HIPC) Initiative, as it winds down. Thus far, of the 39 eligible countries, 35 have completed the HIPC Initiative. One country (Chad) remains in the interim phase between decision and completion points, and three countries (Eritrea, Somalia and Sudan) have yet to reach the decision point.

21. In addition to those HIPCs, Myanmar, Nepal and Zimbabwe are countries that have been identified as being potentially eligible for debt relief under the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI).[8] After meeting with Myanmar in January 2013, the Paris Club cleared $10 billion of its arrears, cancelling nearly $6 billion and rescheduling the remainder. Zimbabwe remains in debt distress. The country has been in the process of normalizing its relations with international financial institutions and established its first staff-monitored programme with IMF in June 2013. Zimbabwe's eligibility for assistance under the HIPC Initiative is uncertain and will depend on whether it meets end-2004 and end-2010 indebtedness criteria and clears its arrears owed to the Poverty Reduction and Growth Trust.

[7] Standard & Poor's, "The growing allures of eurobonds for African sovereigns" (May 2013).

[8] IMF, "Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) — statistical update" (Washington, D.C., December 2013).

22. Debt relief provided under the HIPC Initiative and MDRI have redirected resources to increase poverty-reducing expenditures. While the increase in poverty-reducing revenue is welcome, it is a concern that most HIPCs remain off-track for achieving many of the targets of the Millennium Development Goals, albeit with variations across countries. HIPCs have made some progress and, relative to other country groups, were faced with the challenge of making the largest absolute changes to meet their Goal targets.[9] Debt relief alone is not a panacea to the development challenges confronting HIPCs; it is a necessary but insufficient solution and must be accompanied by additional assistance, both in terms of development financing and capacity-building.

23. While there have been marked improvements in numerous debt indicators of HIPCs, many continue to be at risk of debt distress despite completing the Initiative. Of the 36 HIPCs that have actively engaged under the HIPC Initiative, 7 are classified as being at high risk of debt distress, 16 are classified as being at moderate risk of debt distress and 13 are classified as being at low risk of debt distress.[10] For the countries that have yet to start under the Initiative, Sudan remains in debt distress and debt distress levels for Eritrea and Somalia have not been reported. Eritrea's previous reported debt sustainability analysis was completed in 2009 and Somalia's Article IV consultation has been delayed for more than 20 years, owing to a lack of adequate information.[11]

24. Unfortunately, the end of the HIPC Initiative and MDRI debt relief will not bring an end to debt crises. The international community must reflect on the strengths and weaknesses of the framework to carry forward lessons learned into the future. The international community must also respond to new challenges that have emerged since the launch of the HIPC Initiative, as non-HIPCs facing insurmountable debt difficulties need assistance from the international community. Countries in debt distress that have yet to benefit from debt relief mechanisms should be afforded the same opportunity.

B. Paris Club activities

25. Since the last report, only one Paris Club meeting has been held. In May 2014, Argentina reached a deal with Paris Club creditors to clear its $9.7 billion arrears over a five-year period. The agreement gives Argentina some flexibility to adjust the level of its yearly payments to creditors, as only a minimum of $1.15 billion needs to be paid in the first year. De facto, Argentina has obtained a deal under which it has an imbedded one-year option on the level of payments contingent on the level of economic performance. This gives the country breathing space to continue with its reforms, while the Paris Club deal opens the door for the reinstatement of export credits and normalizes Argentina's relations with the international financial community. Furthermore, the 2001 Argentine default is widely viewed as a success because although the country's economy shrank for one quarter after the default, a rapid-growth recovery followed, allowing the country to realize annual average

[9] Ibid.

[10] IMF list of low-income countries' debt sustainability analyses for Poverty Reduction and Growth Trust-eligible countries as at 1 May 2014. Available from www.imf.org.

[11] IMF, "Delayed Article IV consultation with Somalia", press release No. 13/293 (August 2013).

GDP growth of 8.7 per cent and annual poverty reduction of almost 34 per cent by the end of 2011.[12]

V. Official development assistance

26. In 2013, net official development assistance (ODA) from the Development Assistance Committee donors of the Organization for Economic Cooperation and Development (OECD) totalled $134.9 billion, an increase of 6.1 per cent in real terms compared with 2012.[13] This marks a rebound in ODA after two consecutive years of decreasing aid volumes. The increase is the result of a number of Governments stepping up their ODA spending to meet the target of 0.7 per cent of gross national income (GNI). Thus far, only five advanced countries of the Committee have met or surpassed this target, namely, Denmark, Luxemburg, Norway, Sweden and the United Kingdom. The international community has consistently fallen short of that target, with net ODA as a percentage of GNI averaging 0.3 in 2013.

27. Even though the total nominal amount of ODA to developing countries increased in 2013, the geographical breakdown of aid flows shows an uneven picture. In 2013, aid to the African continent fell by 5.6 per cent and bilateral aid to sub-Saharan Africa decreased by 4 per cent in real terms compared with the previous year. This downward trend in programmed aid to least developed countries and low-income countries, particularly in Africa, is likely to continue, based on the results from the survey conducted by the Development Assistance Committee in 2014 on donors' future spending plans. The shift in ODA allocations away from the poorest countries towards selective middle-income countries is also a concern as countries that are affected by the reduction in programmed aid are the ones heavily relying on aid to achieve the Millennium Development Goals and reduce poverty levels.

28. ODA is an important source of financing for developing countries in times of crisis as it provides them with a crucial cushion to pursue the objectives outlined under internationally agreed development goals. The survey on donors' future spending plans projected the country programmable aid to increase slightly by 2.4 per cent in real terms in 2014 and to remain unchanged from 2014 to 2017. It is likely that this stagnation is associated with the uncertainty that continues to hang over the global economic climate. The uncertain global economic outlook is likely to continue to affect aid budgets, raising concerns about the predictability of planned aid in the years to come. For developing countries, uncertainty about future resources complicates government decision-making on resource allocations and can stand in the way of implementing longer-term programmes and reforms. Aid predictability is, therefore, crucial for developing countries to design and implement their national development strategies.

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[12] Economic Commission for Latin America and the Caribbean, "Social panorama of Latin America" (2012). Available from www.cepal.org/publicaciones/xml/4/48454/SocialPanorama2012Doc1.pdf.

[13] OECD, "Aid to developing countries rebounds in 2013 to reach an all-time high" (April 2014). Available from www.oecd.org/newsroom/aid-to-developing-countries-rebounds-in-2013-to-reach-an-all-time-high.htm.

29. It is important for donors to continue to deliver on their aid commitments and reduce aid volatility. There is a need to secure more stable and predictable, and less procyclical aid flows for the poorest countries. The international community should ensure that aid targets those who need it the most and that the declining trend in ODA to least developed countries and low-income countries, particularly Africa, does not damage the efforts achieved so far in development, growth and poverty reduction.

VI. Credit rating agencies: recent developments

30. Credit rating agencies contributed to the 2007-2009 global financial crisis, which began with problems in the United States sub-prime mortgage market and engulfed financial markets globally. Agencies failed to accurately assess the risks inherent in more complicated financial instruments, issuing incorrect ratings that proved to be disastrous to the financial system. Thus far, consensus has not been reached on the types of reforms that need to be undertaken. The current debate on how to reform credit rating agencies is divided between two extremes: (a) subjecting the agencies to tighter regulation in order to purge conflicts of interest and downsizing the agencies; and (b) deregulating the agencies to solve the current market failures such as conflicts of interest, lack of transparency and competition, lack of accountability and over-reliance on ratings. There may be a need for both types of reforms.[14]

31. At the 2009 London Summit, the Group of 20 leaders agreed to a stricter regulatory oversight of credit rating agencies,[15] consistent with the 2008 Code of Conduct Fundamentals for Credit Rating Agencies established by the International Organization of Securities Commissions.[16] As a result, national, regional and international initiatives have been under way to strengthen the oversight of the agencies while some measures had been initiated before the crisis. Since the outbreak of the global crisis, the United States, Europe and various international financial institutions have taken steps to regulate the agencies and ensure more transparency and competitiveness; the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States is one example. The European Union established an independent authority known as the European Securities and Markets Authority, tasked with regulating the activities of rating agencies in accordance with European Union standards. At the same time, the European Union recommended the gradual removal of references to external credit assessment. These new rules are also in line with the policies developed by other international institutions, the Financial Stability Board and the Basel Committee. In October 2010, the Financial Stability Board endorsed principles to reduce the overreliance of authorities and financial institutions on agency ratings. The Seoul Summit of the Group of 20 held in 2010 approved the Board's principles on reducing reliance on external credit ratings.

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[14] Marwan Elkhoury, "Reforming the credit rating industry. What more needs to be done?", UNCTAD background paper (March 2014).

[15] In their Global Plan for Recovery and Reform, the Group of 20 leaders agreed to "extend regulatory oversight and registration of credit rating agencies to ensure they meet the international code of good practice, particularly to prevent unacceptable conflicts of interest". Available from www.g20.utoronto.ca/2009/2009communique0402.html.

[16] See www.iosco.org/library/pubdocs/pdf/IOSCOPD270.pdf.

32. New legislation in place internationally has addressed important issues with respect to conflicts of interest, transparency and competition. However, despite these positive changes, some room for improvement remains. For instance, there is still an absence of meaningful competition within the oligopolistic industry, an inability to resolve the inherent conflict of interest of issuers choosing their rating agency and a lack of solutions to engaging in rating shopping for the highest ratings and credible alternatives to the issuer-pay model. Moreover, the current regulations have not fundamentally altered the market structure for credit rating agencies, as far as the oligopoly structure of the market is concerned, the potential conflict of interest with the issuer-pay model and the privatization of the public good nature of credit risk rating.

33. However, positions taken by some economists are radically opposite to the international reform efforts. They advocate less regulation, less reliance on credit rating agency ratings and more prudential regulation of bond portfolio managers' and investors' own assessments of bond creditworthiness. Instead of delegating safety judgements to the rating agencies, prudential regulators would rather place the burden for safe bond portfolios directly on the regulated financial institutions and allow them to seek advice about the creditworthiness of bonds as they see fit, subject to prudential oversight.[17]

34. To date, regulators, market participants and scholars may have identified credible complements to credit ratings, such as market-implied ratings in credit default swaps but no certain substitutes to the issuer-pay model of credit ratings have been agreed upon. It is clear, however, that regulators should develop independent standards of credit worthiness and eliminate registered agency ratings for regulatory purposes. However, investors should increasingly develop internal models to assess the credit worthiness of their portfolio and use agency ratings as one element among many in their internal assessment of credit worthiness of their portfolio assets.

35. Ultimately, the correct incentives have to be created by regulators to reduce potential conflicts of interest, be it an investor-pay model, an issuer-pay model, a performance-pay model or a clearing house model, to promote competition and transparency. Accountability and civil liability of credit rating agencies should be imposed, should agencies fail to properly assess debt instruments or possible abuse of investors by lack of due diligence or the search for gaining market shares at the cost of providing accurate ratings. If incentives are right, much less regulation is required. Conversely, if incentives are wrong, market failures may have very large repercussions on financial markets, even with stronger regulations in place, as has been witnessed in the global financial crisis.

[17] Lawrence J. White, "Credit-rating agencies and the financial crisis: less regulation of CRAs is a better response", *Journal of International Banking Law and Regulation*, vol. 25, No. 4 (2010).

VII. Emerging and existing challenges

A. Increasing public commercial debt[18]

36. The past decade has seen important structural changes in public debt in most developing and transition economies. Locally and internationally issued securities have continued to account for the bulk of it while bank loans have remained a small proportion of the total.[19] However, there has been a rapid shift from international to domestic debt markets. The share of the public sector debt issued in domestic debt markets of some developing and transition economies is now higher than the share in international securities issued by financial and non-financial corporations. For all developing economies,[20] this share of public sector debt in external commercial debt securities in 2013 was close to 43 per cent. This has been associated with a concomitant increase in foreign participation in domestic markets for government debt for a number of large developing countries, and a rapid increase in corporate issues abroad. At the end of 2013, for a number of developing countries, foreign investors held more than one third of government bonds in local debt markets. Almost all these foreign holdings are denominated in local currencies.

37. There are several factors driving this trend. First, increased foreign holdings resulting from a search-for-yield triggered by exceptionally low United States Treasury yields have no doubt played a central role in the increase of foreign participants in domestic financial markets.[21] Second, countries issuing local-currency bonds on average have higher credit ratings than those relying mainly on United States dollar bonds, and this tends to narrow the margin between local-currency and United States dollar-denominated bonds. Third, success in bringing inflation under control, together with improvements in current account and reserves positions in many developing and transition economies, has helped decrease currency risk. Finally, as a result of the surge in capital inflows, the currencies of most countries have come under appreciation pressures, raising the return on local bonds. Particularly after the eurozone crisis, returns on these bonds started to move more closely with those on international assets regarded as "safe".[22]

38. At the end of 2013, the average share of foreign holdings in total government local-currency securities for a selected number of developing economies, including internationally issued local-currency bonds and notes, was close to 30 per cent.[23] The increase in the share of foreign holdings in local-currency bonds since the onset of the crisis has been accompanied by reduced exposure of domestic banks to sovereign debt as a percentage of total assets, notably in Asia and Latin America.

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[18] Yilmaz Akyuz, "Internationalization of finance and changing vulnerabilities in emerging and developing economies," UNCTAD background paper (forthcoming).

[19] A notable exception is China, where less than 30 per cent of general Government debt is in securities.

[20] Classification by the Bank for International Settlements international financial statistics.

[21] Philip Turner, "The global long-term interest rate, financial risks and policy choices in EMEs", Bank for International Settlements Working Paper, No. 441 (February 2014).

[22] Ken Miyajima, M. S. Mohanty and Tracy Chan, "Emerging market local currency bonds: diversification and stability", Bank for International Settlements Working Paper, No. 391 (November 2012).

[23] Namely, Indonesia, Malaysia, Mexico, South Africa and Turkey.

39. An important implication of increased foreign access to domestic debt markets is a sizeable shift in the holder profile of government debt towards non-residents, particularly in securities. It is estimated that foreigners now hold $1 trillion of government debt of developing and transition economies, excluding foreign official loans. About half of this was incurred in the period between 2010 and 2012, mostly through inflows from foreign asset managers, attracted by large interest rate differentials with advanced economies.[24] The increase in foreign holdings is much more widespread and visible for public securities than for total gross public debt.

40. More significantly, the externally-held local-currency government debt of developing and transition economies is not in the hands of foreign central banks and other official bodies, but mostly in the portfolios of short-horizon investors in advanced economies, notably foreign asset managers. It is estimated that, as at end 2012, foreign central banks held only between $40 billion and $80 billion of government debt of developing and transition economies out of about $1 trillion held by foreigners.[25] And out of a total of 24 countries, government debt of only 7 countries is included in central bank reserve assets. Except for a few countries with large official debts, foreign official holdings, including central bank holdings as reserve assets and foreign official loans, fall far short of private holdings, both by foreign banks and non-banks.[26]

41. While the shift from foreign to domestic currency denominated debt has some advantages for issuers, the observed trend of increased foreign participation in domestic debt markets in a number of developing countries has a number of implications for policymakers. The increased investment in local bonds and notes from non-residents increases the depth and liquidity of the domestic debt market, leading to both improved price discovery and extension of maturities owing to increased overall demand for debt instruments. However, foreign holdings of domestic debt tend to be less stable than those held by domestic institutional investors, as the former have no obligation to hold a certain percentage of their assets in local debt instruments. For example, domestic banks of many countries are required to hold part of their reserves in local currency debt instruments and, therefore, cannot reduce their holdings below the required levels even at times of crisis. Foreign asset managers, on the other hand, can in principle unload an entire position they hold and exit the market. In instances when sharp changes in international interest rate differentials occur and foreign investors account for an important part of the local debt market, they might rapidly reduce their holdings of local currency debt, producing both a sharp rise in domestic interest rates and downward pressure on the domestic currency.[27] Such effects resulting from sharp changes in investor sentiment can be significant for countries in which the capital account is liberalized and no capital account management techniques are used. For those countries in which there are capital controls or capital account management techniques are employed, ways to circumvent swift capital outflows can be found. Further, since all foreign investors in domestic debt instruments of developing

[24] Serkan Arslanalp and Takahiro Tsuda, "Tracking global demand for emerging market sovereign debt", IMF Working Paper, No. 14/39 (March 2014).

[25] Ibid.

[26] Ibid.

[27] Christian Ebeke and Yinqiu Lu, "Emerging market local currency bond yields and foreign holdings in the post-Lehman period — a fortune or misfortune?", IMF Working Paper, No. 14/29 (February 2014).

countries are private creditors, the multitude of private creditors in domestic debt becomes larger. In the event of a default, this makes debt restructuring difficult, especially in the absence of an ex ante debt restructuring mechanism.

B. Setback for debt restructuring

42. The recent debt crises and the protracted holdout bondholder litigations against Argentina have led to intensified international debate on the need for a sovereign debt restructuring mechanism to improve efficiency, fairness and coordination in sovereign debt restructuring. The recent debt crises demonstrated again that disorderly debt restructuring can lead in many cases, through procrastination and the costly bailout of creditors, to socializing private debt and to human suffering. The litigations against Argentina further highlighted the problem of the existing legal forum fragmentation, which entails different courts having very different interpretations of the same contractual clause and hence imposing a wide array of rulings. The end result is greater incoherence and unpredictability in debt restructuring.

43. The United States Supreme Court rulings of 16 June 2014 (*Republic of Argentina v. NML Capital Ltd.*) concerning the debt swaps that took place in Argentina in 2005 and 2010 in the wake of its catastrophic 2001-2002 default on $100 billion bonds mostly governed by New York law are a resounding victory for the specific hedge funds that have not participated in Argentine debt swaps. They also represent a setback for orderly sovereign debt restructuring, the consequences of which will likely resonate well beyond the borders of the United States and Argentina.

44. The first restructuring attempt by Argentina was made in 2005 subsequent to its 2001 default, followed by the second debt swap in 2010. More than half of the holdouts of the 2005 swap accepted the terms under the 2010 offer, which resulted in a 93 per cent creditor participation in the two debt swaps. Some hedge funds purchased the defaulted bonds from holdout creditors at a deep discount and have subsequently demanded full payment of the original face value of the bonds. This is characterized as predatory behaviour by many. Led by NML Capital, a few holdout hedge funds collectively sued Argentina in the United States District Court of the Southern District of New York.

45. The court's interpretation of the pari passu clause (equal treatment clause) led the court to rule that any future payments on restructured bonds would be tied to payment in full of holdout bondholders. This unusual interpretation of the pari passu clause surprised even veterans in the debt restructuring world. However, on 18 November 2013, the United States Second Circuit Court of Appeals ruled in favour of NML. Argentina appealed the ruling to the United States Supreme Court, which subsequently left the lower court rulings intact in its decisions of 16 June 2014. The rulings have effectively created a precedent for rewarding holdout creditors while penalizing creditors who participated in debt restructuring.

46. The Second Circuit Court ruling also carried important implications for third parties (banks in this case) that make payments on behalf of the Government of Argentina to those bondholders who participated in the two debt swaps. The Court ruled that such third parties would be viewed and treated as being in contempt of law if they continued to make payments before the holdouts are paid in full. In

addition, the second ruling of the Supreme Court confirmed the request made by NML that banks involved in handling the payment of Argentina bondholders must turn over information of Argentina's worldwide assets to holdout bondholders. Obliging financial institutions not to pay participating exchange bondholders and to provide information about assets of the sovereign borrowers' assets worldwide may have significant impact on the international financial system as the financial service providers would be requested to facilitate the enforcement of debt contracts for the creditors.

47. The case of the *Republic of Argentina v. NML Capital Ltd.* set important new legal precedents that could have profound consequences for the international financial system and represents a significant setback for international sovereign debt restructuring. The rulings remove financial incentives for creditors to participate in orderly debt workouts and will make future debt restructuring more difficult, particularly for outstanding bonds without a collective action clause, which aim at reducing the likelihood of a small number of creditors holding out on debt restructuring. The outstanding amount is unknown but is likely to be large. While the prevalence of the introduction of collective action clauses in bond contracts has grown since the Argentine default and particularly since the global financial crisis of 2007-2009, the expiry of existing bonds without collective action clauses will take years. Moreover, obliging third-party financial institutions to provide information about assets of sovereign borrowers will have a significant impact on the international financial system as the enforcement of debt contracts for the creditors would be becoming part of the services obligations of financial service providers involved in debt restructuring.

C. International debate on a debt workout mechanism

48. The case of the *Republic of Argentina v. NML Capital Ltd.* highlights the immediate need to improve the efficiency and coordination in debt restructuring at the international level to reduce the obstacles to wider participation in restructuring in the absence of clear sovereign insolvency procedures. The existing procedures are ad hoc and lack consistency. Following the global financial crisis and the lengthy litigation of Argentine debt swaps, there has been a shift of sentiment in favour of a debt workout mechanism. Five years into the crisis, procrastination or "too little too late" has been acknowledged as a problem that needs to be resolved to reduce economic costs and human suffering caused by debt overhang. In several resolutions on debt, including resolutions 65/144, 66/189 and 67/198, the General Assembly has recognized the design of a debt workout mechanism as a tool for debt crisis prevention and resolution and called for consideration of enhanced approaches to sovereign debt restructuring and debt resolution mechanisms.

49. Various international forums, including UNCTAD, IMF, the Department of Economic and Social Affairs of the Secretariat, the Commonwealth Secretariat, non-governmental organizations, think tanks and academic institutions have been organizing meetings and conducting research to explore the feasibility and configuration of a potential debt workout mechanism. IMF proposed a sovereign debt restructuring mechanism in 2003 and revisited the issue of debt restructuring in a 2014 policy paper entitled "The Fund's lending framework and sovereign debt — preliminary considerations" and its annexes. However, with respect to possible directions for reform, the latest proposal by IMF is to maintain a market-based

approach centred on debt contracts, accompanied by debt reprofiling. Reprofiling would be employed in circumstances in which the IMF member country has lost market access and IMF judges debt to be sustainable but not with high probability. This is achieved by extending debt maturity, normally without any reduction of principal or interest.

50. Yet, without collective, inclusive and transparent ex ante discussions on the desired characteristics of a restructuring mechanism, the legitimacy and economic effectiveness of proposed debt workout mechanism designs would be compromised. At the beginning of 2013, UNCTAD initiated a process of broad-based consultations with legal and economic experts on a proposed design of a mechanism that is framed, structured and anchored by a unifying set of internationally accepted general principles and procedures. The process underlying the formulation of the debt workout mechanism benefits from an inclusive approach that will also confer substantive legitimacy to any existing proposal in line with the normative characteristics identified by the process. These procedural premises will make a big difference in terms of the legal, political and institutional outcome of the design of the debt workout mechanism. Given that the provision of global public goods necessarily entails the coordination of authorities at the international level, such procedural premises will ensure its effectiveness in dealing with global debt crises, defaults and disputes in the future.

D. Importance of establishing internationally agreed norms and principles

51. The adoption of sound practices in the management and governance of sovereign debt by both lenders and borrowers is the first line of defence against debt fragility and crises, and is crucial to the promotion of economic growth and development through sustainable and good-quality finance. The global sovereign debt system is in dire need of harmonization as sovereign debt crisis resolution is governed by loose networks and ad hoc arrangements. This patchwork arrangement could benefit from the establishment of common standards applicable to all stakeholders and compliance to norms that promote co-responsibility between lenders and borrowers at the international level.

52. The Draft Principles on Promoting Responsible Sovereign Lending and Borrowing established by UNCTAD in 2012 aim to fill the legal and institutional void in three ways to benefit both sovereign lenders and borrowers. First, the principles systematize and generalize the law and practices of sovereign debt to propose a unified normative framework that can be read by sovereign States and international adjudication bodies. Second, they diffuse knowledge and contribute to the global consensus on responsible sovereign financing practices. Third, they engage diverse stakeholders to create constituencies for responsible behaviour and contribute to its successful implementation at various institutional levels. These principles do not claim to establish new legislation, but rather to harness and elaborate existing sound practices and general principles. Successful implementation of the principles should therefore result in a durable change of behaviour among sovereign borrowers and their lenders at a low political cost. The resulting adoption of common standards will further send a clear and reinforcing signal that States are committed to work together on the path to preserve financial stability.

VIII. Conclusions and policy recommendations

53. Developing countries continued to experience a worsening of their debt indicators in 2013 in terms of increasing debt stocks, including increasing short-term debt, which has contributed to a worsening of overall debt ratios. This has occurred in an environment of slow global economic growth, making developing countries vulnerable to economic downturns and external shocks. They should be cautious and pursue active risk and debt management strategies to maintain sustainable debt levels.

54. Moreover, the increasing trend by least developed countries of floating bonds on international markets to take advantage of low interest rates has helped countries access sources of finance for infrastructure needs. This increases the importance of managing the risk of using new financial instruments, including the bunching of maturities, rollover risk and currency risk, and the challenges relating to absorption capacity and macroeconomic volatility associated with large capital inflows.

55. Although the increase in ODA in 2013 after two consecutive years of decreasing aid volumes is welcome, the shift in allocations away from the poorest countries towards middle-income countries is a concern. Countries affected by the reduction in programmed aid are most dependent on aid to achieve the Millennium Development Goals and reduce poverty levels. Moreover, the declining trend in programmed aid to least developed countries and low-income countries, particularly in Africa, is worrisome as highly concessional financing is crucial to debt sustainability. The international community must reinvigorate its ODA commitments as part of the post-2015 agenda.

56. Even though the increased foreign participation in domestic debt markets in a number of developing countries offers some benefits, issuers should be fully aware of the trade-offs, in particular the possible reversal of capital flows at times of internal and external shocks, possibly resulting in sharp increases in domestic interest rates and downward pressure on the domestic currency or both. Thus, an important equilibrium should be found by policymakers in balancing foreign participation in local debt markets with the need to continue promoting large holdings of local currency debt by domestic institutions.

57. The case of the *Republic of Argentina v. NML Capital Ltd.* has demonstrated the complications that may arise in the absence of an international debt workout mechanism. The international ad hoc arrangements for debt crisis resolution have created incoherence and unpredictability. Different courts have very different interpretations of the same contractual clause and can impose a wide array of rulings. Politics and interest groups can impact on the outcome of the rulings and debt restructuring, compromising consistency and fairness. The *Republic of Argentina v. NML Capital Ltd.* rulings have made future debt restructuring more difficult as debtors are left with only moral suasion and foreign relations as incentives to encourage creditor coordination.

Annex

External debt of developing countries[a,b]

(Billions of United States dollars)

	All developing countries and countries with economies in transition					*Sub-Saharan Africa*				
	2000-2009	*2010*	*2011*	*2012*	*2013*	*2000-2009*	*2010*	*2011*	*2012*	*2013*
Total debt stocks	2 855.8	4 575.6	5 072.6	5 517.1	5 996.4	221.9	268.0	296.5	330.2	343.0
Long-term debt	2 232.7	3 332.4	3 646.7	4 013.1	4 311.8	176.3	204.3	232.1	256.5	267.3
Private (share)	67.1	74.8	76.2	77.0	76.5	29.9	48.7	51.2	53.8	51.7
Private non-guaranteed (share)	37.7	48.2	50.1	50.0	49.8	10.0	21.3	22.2	22.5	20.8
Short-term debt	530.7	1 075.1	1 257.9	1 348.1	1 513.5	36.6	44.3	43.7	52.1	51.8
Arrears	91.2	61.4	59.5	64.4	65.0	38.6	28.6	26.8	28.2	29.2
Debt service	409.3	606.7	670.5	678.4	745.9	14.2	13.2	15.4	19.5	21.3
International reserves	2 206.2	5 451.4	5 967.7	6 239.1	6 766.2	79.9	138.5	146.5	164.3	166.5
Debt indicators (percentage)										
Debt service/exports[c]	11.6	8.7	7.8	7.9	8.3	6.4	3.4	3.3	4.2	4.5
Total debt/exports	84.6	75.1	69.0	72.8	75.9	98.0	67.5	62.4	70.7	71.7
Debt service/GDP	3.7	2.5	2.4	2.3	2.5	2.3	1.7	1.2	1.5	1.6
Total debt/GDP	27.1	21.9	20.9	21.7	22.7	35.7	23.7	23.6	25.3	25.9
Reserves/short-term debt	436.2	527.3	489.2	473.2	457.1	239.6	336.6	354.6	328.0	336.1
Reserves/M2	29.3	30.1	28.3	26.1	25.3	34.4	30.3	31.9	32.9	32.4

	Middle East and North Africa					*Latin America and the Caribbean*				
	2000-2009	*2010*	*2011*	*2012*	*2013*	*2000-2009*	*2010*	*2011*	*2012*	*2013*
Total debt stocks	153.0	166.6	162.9	177.1	192.3	810.6	1 096.3	1 244.1	1 389.2	1 484.5
Long-term debt	123.3	121.1	120.0	129.8	136.5	669.8	888.6	1 039.8	1 168.6	1 251.7
Private (share)	32.2	35.5	34.4	36.5	37.2	79.5	80.8	83.2	84.1	79.8
Private non-guaranteed (share)	4.8	5.8	6.1	6.6	6.3	35.9	43.4	48.3	48.2	43.3
Short-term debt	26.7	37.2	34.7	38.7	44.0	118.0	182.4	178.8	194.3	205.3
Arrears	7.0	0.8	0.8	1.4		23.1	16.3	21.4	21.4	21.3
Debt service	18.8	16.5	18.2	15.6	15.4	137.3	136.5	162.5	191.3	203.7
International reserves	192.2	374.6	374.1	359.1	368.7	287.6	618.2	723.0	781.9	802.0
Debt indicators (percentage)										
Debt service/exports[c]	8.7	4.7	4.5	4.5	5.1	21.1	13.4	13.0	15.0	15.9
Total debt/exports	70.9	47.2	40.4	51.1	63.8	124.6	107.6	99.5	109.0	115.8
Debt service/GNI	3.1	1.5	1.4	1.2	1.3	4.9	2.7	2.9	3.4	3.6
Total debt/GNI	25.3	15.1	13.0	13.5	16.4	29.1	22.0	22.2	24.9	25.9
Reserves/short-term debt	719.2	1 006.2	1 079.0	926.9	837.2	245.4	341.5	407.6	405.7	393.9
Reserves/M2	50.3	63.3	59.8	54.0	57.2	29.2	30.5	33.7	32.5	32.3

	East Asia and the Pacific					South Asia				
	2000-2009	2010	2011	2012	2013	2000-2009	2010	2011	2012	2013
Total debt stocks	634.4	1 078.1	1 284.1	1 407.3	1 619.6	226.5	407.4	459.2	498.8	537.8
Long-term debt	436.4	580.2	641.1	708.6	817.4	199.0	323.6	352.7	380.4	411.2
Private (share)	59.2	64.0	66.7	70.9	72.4	41.5	52.0	53.5	56.5	58.8
Private non-guaranteed (share)	37.4	42.0	47.1	50.4	51.0	31.5	41.9	42.8	43.9	46.0
Short-term debt	187.3	477.7	622.9	678.7	782.2	22.0	63.8	86.5	100.0	106.8
Arrears	11.9	6.2	6.4	2.2	2.2	0.1	0.0	0.0	0.0	0.0
Debt service	80.5	100.0	110.4	112.0	122.7	24.7	30.2	33.9	34.9	48.5
International reserves	1 153.0	3 312.6	3 705.5	3 866.2	4 352.7	164.0	312.3	306.5	306.0	312.5
Debt indicators (percentage)										
Debt service/exports[c]	5.9	3.8	3.6	3.4	3.4	12.3	7.1	6.3	6.5	8.6
Total debt/exports	46.6	41.5	41.4	42.2	44.3	112.5	96.0	85.8	93.1	95.1
Debt service/GNI	2.4	1.3	1.2	1.1	1.1	2.3	1.5	1.5	1.5	2.2
Total debt/GNI	18.6	14.2	13.9	13.7	14.6	21.5	19.8	20.1	22.0	24.3
Reserves/short-term debt	616.3	693.8	595.4	570.6	557.3	744.8	489.6	354.1	306.0	292.7
Reserves/M2	24.3	27.0	24.8	22.6	22.0	24.7	21.1	21.0	19.3	19.6

	Europe and Central Asia				
	2000-2009	2010	2011	2012	2013
Total debt stocks	809.3	1 559.1	1 625.8	1 714.5	1 819.2
Long-term debt	627.8	1 214.6	1 261.0	1 369.3	1 427.9
Private (share)	84.9	90.0	90.1	87.9	89.5
Private non-guaranteed (share)	55.9	65.0	64.5	62.4	65.6
Short-term debt	140.0	269.7	291.3	284.3	323.4
Arrears	10.6	9.5	3.9	11.1	8.1
Debt service	133.8	310.4	330.1	305.0	334.3
International reserves	329.4	695.2	712.1	761.6	763.8
Debt indicators (percentage)					
Debt service/exports[c]	17.4	21.1	16.8	15.3	16.9
Total debt/exports	120.2	134.9	111.6	114.3	121.7
Debt service/GNI	6.0	6.8	5.8	5.3	5.5
Total debt/GNI	42.5	44.5	39.5	40.5	40.8
Reserves/short-term debt	275.1	297.6	276.1	293.1	258.3
Reserves/M2	62.6	53.0	50.1	45.9	42.9

Source: United Nations Conference on Trade and Development calculations based on the World Bank International Debt Statistics 2014 online database.

Abbreviations: GDP, gross domestic product; GNI, gross national income.

[a] As defined in the Global Development Finance publication.

[b] 2013 estimates.

[c] Exports comprise exports of goods, services and primary income.

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Review and implementation of the Concluding Document of the Twelfth Special Session of the General Assembly: United Nations disarmament fellowship, training and advisory services

United Nations disarmament fellowship, training and advisory services programme

Report of the Secretary-General

Summary

A total of 25 fellowships on disarmament were awarded both in 2013 and 2014. The programme of studies continues to be structured in three segments. The first was held at the United Nations Office at Geneva and introduced the fellows to various aspects of multilateral negotiations on disarmament. It also included a study visit to Berne organized by the Swiss Federal Department of Foreign Affairs. The second segment of the programme comprised study visits to several Member States and international and regional organizations of relevance in the field of disarmament, upon their invitation. Specifically, the fellows visited the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization and the International Atomic Energy Agency in Vienna, the Organization for the Prohibition of Chemical Weapons in The Hague, and the Organization for Security and Cooperation in Europe in Vienna. At the invitation of the Governments of China, Germany, Japan and Kazakhstan, recipients of the fellowship programme participated in country study visits. The third segment of the programme, which took place at United Nations Headquarters in New York, aimed at familiarizing the fellows with the work of the First Committee of the General Assembly and of the Office for Disarmament Affairs of the United Nations Secretariat. In 2013, the programme lasted from 26 August to 24 October. The 2014 programme is scheduled for 27 August to 25 October. In its continuous effort to promote gender mainstreaming, the United Nations selected 22 women to participate in the fellowship programme in 2013-2014, which represents 44 per cent of the total awarded fellowships.

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To date, the programme has trained more than 900 officials from 163 Member States, a large number of whom hold positions of responsibility in the field of disarmament and international security with their own Governments. The Secretary-General is pleased to note the contribution of the programme of fellowships on disarmament to a greater awareness of the importance of disarmament, non-proliferation and arms control. In addition, the Secretary-General is gratified to note that the number of women nominated fellows has remained high during the present two-year period. The Secretary-General expresses his appreciation to all the Member States and international organizations that have supported the programme throughout the years, thereby contributing to its success.

I. Introduction

1. In its resolution 67/68, entitled "United Nations disarmament fellowship, training and advisory services", the General Assembly, inter alia, commended the Secretary-General for the diligence with which the programme had continued to be carried out and requested him to continue to implement annually the programme within existing resources and to report thereon to the Assembly at its sixty-ninth session. The present report is submitted pursuant to that mandate.

II. Programme of fellowships on disarmament

A. Fellowships for 2013 and 2014

2. A total of 25 fellowships were awarded in 2013 to the following officials:

Argentina	Juan Francisco Gutierrez Telleria
Australia	Corinne Tran
Bangladesh	Shelley Salehin
Belgium	Sylvain Fanielle
Burkina Faso	Wendbigda Honorine Bonkoungou
Cameroon	Stéphane Christel Noah
Egypt	Ibrahim Said
Ethiopia	Huda Mohamed Yusuf
Finland	Melissa Elina Emilia Säilä
Hungary	Dávid Pusztai
Iran (Islamic Republic of)	Mehdi Rouzegir Ghalenoee
Japan	Ryota Takemura
Lao People's Democratic Republic	Pnonenipha Mathouchanh
Mexico	Sandra Beatriz Sanchez Aguillon
Mongolia	Yadamsuren Bold-Erdene
Myanmar	Sann Thhit Yee
Pakistan	Syed Atif Raza
Philippines	Shirley L. Flores
Qatar	Abdulaziz Hamdan Al-Ahmad
Republic of Korea	Soo-Yeon Shim
Romania	Radu-Constantin Bădită
Serbia	Tijana Bokić
Ukraine	Samvel Arustamian

United States of America	Jeffrey Gelman
Uruguay	Julio Martín Orlando

3. In 2014, 25 fellowships were awarded to the following officials:

Algeria	Larbi Abdelfattah Lebbaz
Bhutan	Pem Sedon Thinley
Brunei Darussalam	Wen-Jei Lim
China	Jinjin Zhang
Dominican Republic	Madelin Esther Luna
Egypt	Mina Rizk
El Salvador	José Roberto Chávez
Fiji	Salaseini Tagicakibau
Georgia	Vera Khajalia
Germany	Daniel Gittinger
Ghana	Nana Afia Twum-Barima
Guyana	Daniel Griffith
Iran (Islamic Republic of)	Mohsen Askarian
Madagascar	Johan Andrïa Ramandimbison
Montenegro	Pavle Karanikic
Morocco	Asmaa Benni
Niger	Safia Diallo Mamadou Diallo
Nigeria	Imaobong Effiong-Archibong
Sri Lanka	Udani Manamperi Gunawardena
Switzerland	Christoph Carpenter
Togo	Wanou Ankoura Samon
Turkmenistan	Feride Muradova
United States	Grant William Schneider
Viet Nam	Nguyen Dang Trung
Zambia	Ng'andwe Anderson Kapaya

4. Over the years, the efforts by the United Nations to promote gender mainstreaming resulted in a steady ratio in the number of women who were recipients of the fellowship. In 2013-2014, a total of 22 out of 50 fellowships were granted to women.

B. Programme of studies

5. The United Nations programme of fellowships on disarmament is implemented by the Office for Disarmament Affairs. In 2013, the programme lasted from 26 August to 24 October. In 2014, the programme is scheduled for 25 August to 24 October. The programme of studies is structured in three segments: (a) activities at the United Nations Office at Geneva; (b) study visits to Member States and intergovernmental organizations of relevance in the field of disarmament, upon their invitation; and (c) activities at United Nations Headquarters. The activities of the 2013 programme are summarized below. The 2014 programme will generally follow the 2013 syllabus and will contain updates to reflect the recent developments in the field of disarmament and non-proliferation.

First segment

6. The first segment of the programme took place at the United Nations Office at Geneva and exposes the fellows to various aspects of multilateral work on disarmament, including potential negotiations, through the work of the Conference on Disarmament and of some Geneva-based research institutions dealing with disarmament, non-proliferation and arms control. The fellows attended the plenary meetings of the Conference on Disarmament and received briefings on its history, achievements and methods of work. In 2013, the fellows attended briefings/lectures by senior delegates to the Conference on Disarmament from various Member States, the Geneva International Centre for Humanitarian Demining, the United Nations Institute for Disarmament Research, the International Committee of the Red Cross, and Reaching Critical Will. The fellows were also briefed by the staff of the Geneva Branch of the Office for Disarmament Affairs. Such briefings and lectures covered a wide range of issues, including the Commission's work and issues on its agenda, as well as other disarmament issues, such as the Arms Trade Treaty, the implementation of the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines, information and cybersecurity, the Convention on Cluster Munitions, the role of non-governmental organizations (NGOs) in the multilateral disarmament process, the Convention on Certain Conventional Weapons and its Protocols, and the Biological (Toxin) Weapons Convention. The fellows also attended a seminar on Lethal Autonomous Robotics. A similar programme is being developed for 2014.

7. In addition to the above, the fellows participated in 2013 in a one-day visit to Berne organized by the Federal Department of Foreign Affairs of Switzerland, during which they were briefed on Swiss foreign and security policies, with a focus on nuclear disarmament, non-proliferation, disarmament and international humanitarian law, as well as Switzerland's role with respect to the Geneva Declaration of Armed Violence and Development. The fellows also visited Geneva City Hall at the invitation of the Geneva Canton. Similar visits are scheduled for the 2014 programme.

8. While in Geneva, the fellows were also required to conduct research and to write the first draft of a paper on a topic of their choice relating to disarmament, non-proliferation and international security.

Second segment

9. The second segment of the programme comprised study visits to several intergovernmental organizations: the Preparatory Commission of the Comprehensive Nuclear-Test-Ban Treaty Organization and the International Atomic Energy Agency (IAEA) in Vienna and the Organization for the Prohibition of Chemical Weapons (OPCW) in The Hague, as well as the Organization for Security and Cooperation in Europe (OSCE). This segment of the programme also included country study visits to Member States, upon their invitation.

10. During the visit to the Preparatory Commission of the Comprehensive Nuclear-Test-Ban Treaty Organization, the fellows received comprehensive briefings on the Treaty and the work of the Preparatory Commission. They also participated in the Preparatory Commission's Capacity Development Initiative, a training programme designed to inform and educate future generations of policy, legal and technical experts.

11. The study visit to IAEA comprised attending the Agency's annual General Conference and briefings on the Agency's safeguards system, the security of nuclear materials and radioactive sources and peaceful uses of nuclear energy. A visit to the laboratory in the Department of Safeguards was also included.

12. At OPCW, the fellows were briefed on various aspects of the work of the organization, its contributions to disarmament and non-proliferation efforts, the origins and status of implementation of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction, its verification procedures, its implementation at the national level, and on issues of international cooperation and assistance. They heard presentations on the organization's work in the elimination of chemical weapons in Syria, including through the joint United Nations-OPCW mission. They also participated in the third Summer Programme on Disarmament and Non-Proliferation of Weapons of Mass Destruction jointly organized by the Asser Institute and OPCW.

13. While in Vienna, the fellows visited the OSCE secretariat and were briefed by OSCE officials on the important role played by the organization in maintaining security and in arms control in Europe and beyond.

14. In 2013, the Governments of China, Germany and Japan continued the established practice of inviting participants in the fellowship programme to visit national institutions and to attend lectures given by their Government officials. At the invitation of the Government of Kazakhstan, the fellows visited Kazakhstan for the first time. These country visits provided the fellows with an invaluable opportunity to become acquainted with the respective national policies and practices in the areas of international security and disarmament through lectures, meetings with Government officials and scholars and visits to relevant facilities. In 2014, the Governments of China, Germany and Japan have extended similar invitations.

15. The study visit to Germany in 2013 included briefings by representatives of the Federal Foreign Office and the Institute for International and Security Affairs on a wide range of disarmament and non-proliferation issues. The fellows also visited Nammo Buck GmbH in Pinnow, a plant used for the demilitarization of ammunition, projectiles, rockets, mines, grenades, fuses and pyrotechnical material. During the visit, the fellows were briefed on environment-friendly disposal processes for

conventional weapons, ammunition and explosive products. The study visit to Germany in 2014 will include similar activities.

16. The Government of Japan and the municipalities of the cities of Hiroshima and Nagasaki continued to organize activities for the recipients of the disarmament fellowship in 2013. In Tokyo, the fellows were briefed by officers of the Ministry of Foreign Affairs and Japan Mine Action Service, as well as by the Director of the Centre for the Promotion of Disarmament and Non-proliferation. In Hiroshima, the fellows visited the Peace Memorial Museum, the Atomic Bomb Dome, and the National Peace Memorial Hall for Atomic Bomb Victims. They were briefed by representatives of Hiroshima City and Mayors for Peace and heard the testimony of a survivor of the atomic bombing. In Nagasaki, the fellows visited the Atomic Bomb Hypocenter and the Museum, the National Peace Memorial Hall for Atomic Bomb Victims, Nagasaki Peace Park and the Nagai Tashika Memorial Museum. They also met with survivors of the atomic bombings and with scholars and doctors involved in the study of the impact of the atomic bombing and its victims. The study visit to Japan in 2014 will include similar activities.

17. The study visit to China in 2013 included briefings by officers of the Department of Arms Control and Disarmament of the Ministry of Foreign Affairs and by representatives of the China Arms Control and Disarmament Association on key disarmament and non-proliferation issues. The fellows also visited the China Institute of Atomic Energy. The study visit to China in 2014 will include similar activities.

18. The study visit to Kazakhstan, which was the first in the programme's history, included a visit to the former nuclear weapons test site in Semipalatinsk and the city of Kurchatov. The fellows received briefings by officials from the Foreign Ministry on Kazakhstan's policy and initiatives in the fields of disarmament, in particular on nuclear disarmament issues. They also visited the Nuclear Society of Kazakhstan.

Third segment

19. The third segment of the programme is held at United Nations Headquarters and is intended to familiarize the fellows with the work of the First Committee of the General Assembly and with the mandate and activities of the Office for Disarmament Affairs. In 2013, this segment of the programme included a series of lectures by senior staff of the Office for Disarmament Affairs, including the High Representative for Disarmament Affairs, on the responsibilities and activities of the Office, as well as briefings by senior diplomats from various delegations on items on the agenda of the First Committee. The fellows regularly attended meetings of the First Committee, and panel discussions organized by the Office for Disarmament Affairs and the NGO Committee on Disarmament, Peace and Security.

20. In addition, while in New York, the fellows took part in a simulation negotiation exercise in the context of a preparatory meeting to the Non-Proliferation Treaty Review Conference. The exercise included discussion of a draft report, coordination of group positions and the introduction of amendments and the process of negotiations on a final report. During the segment, the fellows were asked to finalize their research papers and to make short presentations on the key findings.

21. At the end of the programme, the fellows were awarded certificates of participation by the High Representative for Disarmament Affairs.

III. Conclusion

22. Launched in 1979 in follow-up to a decision of the General Assembly taken at its tenth special session in 1978, the United Nations Programme of Fellowships on Disarmament is aimed at promoting expertise in disarmament in Member States, particularly in developing countries. During its 35 years of operation, the programme has trained more than 900 officials from 163 States. Many alumni hold positions of responsibility in the field of disarmament within their own Governments and their permanent missions to the United Nations. The large number of nominations for the programme received every year by the Office for Disarmament Affairs and the broad support for the biennial resolution on the United Nations disarmament fellowship, training and advisory services is a testimony to the undiminished interest of Governments in the programme. At the same time, the role of the programme in enhancing the capabilities of young diplomats for participation in arms control and disarmament deliberations and negotiations is recognized and appreciated by Member States.

23. The Secretary-General is pleased to note the contribution of the programme of fellowships on disarmament towards a greater awareness of the importance of disarmament, non-proliferation and arms control. The programme continues to play a decisive role to facilitate a better understanding of the work of the Office for Disarmament Affairs and of the other institutions working in the areas of international disarmament, non-proliferation and arms control at the global level, as well as of the security concerns of Member States. In addition, the Secretary-General is gratified to note that the number of nominated women has remained high during the present two-year period.

24. The Secretary-General expresses his gratitude to all Member States and organizations that have supported the programme throughout the years, thereby contributing to its success. He extends his particular appreciation to the Governments of China, Germany, Japan, Kazakhstan and Switzerland for their continued support of the programme. The Secretary-General also extends his grateful recognition to IAEA, OPCW, OSCE and the Preparatory Commission of the Comprehensive Nuclear-Test-Ban Treaty Organization for their support to the programme.

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Sixty-ninth session
Item 102 of the preliminary list*
Strengthening of security and cooperation in the Mediterranean region

Strengthening of security and cooperation in the Mediterranean region

Report of the Secretary-General

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* A/69/50.

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I. Introduction

1. The General Assembly, in its resolution 68/67, commended the Mediterranean countries for their efforts in meeting common challenges through coordinated overall responses, based on a spirit of multilateral partnership, towards the general objective of turning the Mediterranean basin into an area of dialogue, exchanges and cooperation, guaranteeing peace, stability and prosperity, encouraged them to strengthen such efforts through, inter alia, a lasting multilateral and action-oriented cooperative dialogue among States of the region, and recognized the role of the United Nations in promoting regional and international peace and security.

2. The General Assembly recognized that the elimination of the economic and social disparities in levels of development and other obstacles as well as respect and greater understanding among cultures in the Mediterranean area would contribute to enhancing peace, security and cooperation among Mediterranean countries through the existing forums.

3. The General Assembly called upon all States of the Mediterranean region that had not yet done so to adhere to all the multilaterally negotiated legal instruments related to the field of disarmament and non-proliferation, thus creating the necessary conditions for strengthening peace and cooperation in the region. The Assembly encouraged all States of the region to favour the necessary conditions for strengthening the confidence-building measures among them by promoting genuine openness and transparency on all military matters, by participating, inter alia, in the United Nations system for the standardized reporting of military expenditures and by providing accurate data and information to the United Nations Register of Conventional Arms.

4. The General Assembly encouraged the Mediterranean countries to strengthen further their cooperation in combating terrorism in all its forms and manifestations, including the possible resort by terrorists to weapons of mass destruction, taking into account the relevant resolutions of the United Nations, and in combating international crime and illicit arms transfers and illicit drug production, consumption and trafficking, which pose a serious threat to peace, security and stability in the region and therefore to the improvement of the current political, economic and social situation and which jeopardize friendly relations among States, hinder the development of international cooperation and result in the destruction of human rights, fundamental freedoms and the democratic basis of pluralistic society.

5. Furthermore, the General Assembly requested the Secretary-General to submit a report at its sixty-ninth session on means to strengthen security and cooperation in the Mediterranean region. The present report is submitted in compliance with that request and on the basis of information received from Member States.

6. In this connection, a note verbale dated 7 February 2014 was sent to all Member States requesting their views on the subject. The replies received are contained in section II below. Additional replies will be issued as addenda to the present report.

II. Replies received from Governments

Colombia

[Original: Spanish]
[6 May 2014]

Within the framework of the national defence policy, the Ministry of Defence cooperates with other countries to strengthen capacities to counter the global drug problem and transnational organized crime and improve public safety and operational capacities, based on the principle of shared responsibility.

In this regard, the Ministry of Defence, through the armed forces and the national police, has developed bilateral and multilateral mechanisms focused on providing technical assistance, exchanging lessons learned and determining lines of action based on common interests. In the Mediterranean region, the Colombian National Army participates in the Multinational Force and Observers in the Sinai through the Colombia Battalion, which helps to maintain peace and stability in the region.

In other forums, the Ministry of Defence has been working with strategic partners to expand cooperation on security. It has established a mechanism for dialogue with Spain concerning drugs, under which significant operational results have been achieved, thus helping to counter illicit drug trafficking into Europe and increase stability in our region.

In addition, a cooperation plan is being developed with some West African countries to strengthen institutional capacities in security, which will raise operational standards and enhance the security forces' capacity to respond to criminal groups and terrorists in the Sahel.

Lastly, the Ministry of Defence supports non-proliferation efforts and condemns the use of weapons of mass destruction in the Mediterranean or anywhere in the world. Therefore, it urges other States to adopt security and defence policies that do not include the development or use of weapons of mass destruction.

Lebanon

[Original: Arabic]
[12 March 2014]

Lebanon abides by United Nations resolutions and cooperates in combating terrorism, international crime, illicit arms transfers and illicit drug production, consumption and trafficking in the Mediterranean region and worldwide.

Portugal

[Original: English]
[14 May 2014]

At its sixty-eighth session, the General Assembly, recalling the previous resolutions adopted on this issue, reaffirmed the importance of the cooperation among the Mediterranean countries as a basic way to assure peace, security, stability

and development in the region, which involves the European countries, as well as the Maghreb and the Middle East.

Portugal has been involved in the cooperation process with the Mediterranean countries specifically with respect to defence, through active participation in projects that have contributed to strengthening relations between European countries and the countries of the Middle East. It participates in the Euro-Mediterranean Partnership and the Barcelona Process: Union for the Mediterranean, the United Nations Alliance of Civilizations, and others.

Portugal also participates in the 5+5 Dialogue, whose actions, which regard military cooperation and civil emergencies, involve 10 countries from the Mediterranean region, namely, Algeria, France, Italy, Libya, Malta, Mauritania, Morocco, Portugal, Spain and Tunisia.

In 2013, Portugal assumed, again, the presidency of the Dialogue, and chose, as a priority, increased cooperation and levels of security in the region. The activities developed for this purpose allowed the strengthening of cooperation and dialogue among the countries on the two shores of the Mediterranean. The following is of particular relevance:

- The results of the Directorate Committee meeting in March 2013, which highlighted the importance of improving military joint exercises;
- The participation by Portugal in the European project "Seahorse Mediterranean Network", led by Spain, to be implemented in Algeria, Egypt, Libya and Tunisia, with a total amount of €4.5 million. Cyprus, France, Greece and Italy also participated to increase the capacity of North African member States to combat illegal immigration and illegal traffic, by reinforcing surveillance at the borders.

The cooperation aimed at under this project is being accomplished through:

- Training and education in the coast guard, which involves search and rescue and operations conducted in high seas; surveillance of borders; the code of conduct of security forces; and human rights of migrants;
- Increasing the technical capacity of functioning operational centres;
- The information exchange, by satellite, through the European Border Surveillance System, among North African coast guard and European Union member State national coordination centres.

Also in the areas of defence and the 5+5 Dialogue, Portugal participated in the El-Med 13 exercise. The aim of this multilateral exercise, led by the army of Algeria and developed within the framework of the Dialogue, was to reinforce operational cooperation between the Algerian navy and the navies of other countries on surveillance and maritime security.

We also highlight the participation by Portugal in the Seaborder-13 exercise, within the framework of the 5+5 Dialogue, in which 10 countries were represented.

Spain

[Original: Spanish]
[13 June 2014]

For historical and geographical reasons, the Mediterranean region has always been a priority for Spain in all respects.

The region was included in the Spanish Security Strategy adopted in 2013, which emphasizes that the peace and prosperity of the southern Mediterranean are essential to our security and the security of Europe as a whole.

The Mediterranean region represents a clear framework for external action by Spain (in line with action by the European Union and other organizations of which Spain is a member) and a priority in the development of its defence policy.

Spain's defence policy (and the Defence Diplomacy Plan as one of its major drivers), together with the 2012 National Defence Directive, indicate that security in the Mediterranean region is of fundamental importance, taking into account that full stability in the Mediterranean basin will be achieved only if the surrounding regions — the Middle East and the Sahel — also move in that direction.

This is a policy that reflects a high level of commitment, as demonstrated by our military presence in Lebanon.

The unresolved Arab-Israeli conflict, the situation in Libya, which is moving towards the status of a failed State, and the civil war in Syria stand out as major causes of instability in the Mediterranean.

One possible solution could be to develop principles that would serve as the basis for confidence- and security-building measures in the Mediterranean. The full text of Spain's submission can be found at http://www.un.org/disarmament/disarmsec/resolutions/.

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Sixty-ninth session
Item 22 (b) of the provisional agenda*
Follow-up to the second United Nations conference on landlocked developing countries

Ten-year review of the implementation of the Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries

Report of the Secretary-General

Summary

The present report is submitted pursuant to the General Assembly resolution 68/225, by which the General Assembly requested the Secretary-General to submit a report on the 10-year review of the implementation of the Almaty Programme of Action to the second United Nations Conference on Landlocked Developing Countries, to be held from 3 to 5 November 2014 in Vienna. The report is based on the national and regional reports on the implementation of the Almaty Programme of Action, reports of the regional review meetings in Africa, Asia and Europe and Latin America, outcomes of 17 pre-conference events that have been organized to date and a large number of substantive reports prepared ahead of the conference. The report gives an appraisal of the implementation of the Almaty Programme of Action and suggests recommendations for future action.

* A/69/150.

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I. Introduction

1. Thirty-two landlocked developing countries, with a total population of about 450 million, face special challenges that are associated with their lack of direct territorial access to the sea and remoteness and isolation from international markets. Their international merchandise trade depends on transit through other countries. This transit dependence, often coupled with cumbersome border-crossing procedures and inadequate transit transport infrastructure, substantially increases transport and trade transaction costs, erodes their competitive edge, discourages investors, reduces economic growth and subsequently limits their capacity to promote sustainable development. Landlockedness is, thus, a major contributor to the high incidence of extreme poverty and general underdevelopment in many such countries.

2. The Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries was adopted in August 2003 in Almaty, Kazakhstan, at the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation. The overarching goal of the Almaty Programme of Action was to forge partnerships to overcome the special problems of landlocked developing countries caused by their lack of territorial access to the sea and their remoteness and isolation from world markets and identified specific actions in five priority areas, namely, fundamental transit policy issues, infrastructure development and maintenance, international trade and trade facilitation, international support measures and implementation and review.

3. The General Assembly, in its resolution 68/270, decided to hold a comprehensive 10-year review conference on the implementation of the Almaty Programme of Action from 3 to 5 November 2014 in Vienna. The mandate of the Conference is: (a) to undertake a comprehensive appraisal of the implementation of the Almaty Programme of Action; (b) to identify effective international, regional, subregional and national policies in the area of international trade and transit transport cooperation and to review the current situation of transit transport systems in the light of new and emerging challenges, partnerships and opportunities and the means to address them; (c) to reaffirm the global commitment to addressing the special development needs of and the challenges faced by the landlocked developing countries as called for at major United Nations conferences and summits; and (d) to mobilize international support and action by and in favour of the landlocked developing countries and formulate and adopt a renewed development partnership framework for the next decade.

4. The General Assembly, in its resolution 68/225, requested the Secretary-General to submit a report on the 10-year review of the implementation of Almaty Programme of Action to the Conference. Preparations for the second United Nations Conference on Landlocked Developing Countries have been organized by intergovernmental organizations, United Nations agencies and the private sector. The landlocked developing countries undertook self-appraisals and prepared national reports on the implementation of the Almaty Programme of Action. As at mid-June 2014, the Secretariat had received national reports from 24 landlocked developing countries. In 2013, three regional review meetings were organized by the

Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, with the support of respective regional commissions. Those meetings resulted in the adoption of final outcome documents aimed at assessing the implementation of the Almaty Programme of Action at the regional level. Regional review meetings also identified a number of priorities and recommended their inclusion in the outcome document of the Conference in Vienna. The first session of the Intergovernmental Preparatory Committee for the second United Nations Conference on Landlocked Developing Countries was held on 12 and 13 June 2014, and the second session will be held on 2 and 3 October 2014.

5. As regards preparations for the Conference by United Nations agencies, the Inter-Agency Consultative Group for least developed countries, which comprises key United Nations system entities as well as international, regional and other organizations, has held a series of meetings to coordinate concerted efforts of the United Nations system and other international organizations in support of the preparatory process, and to consult on the substantive and organizational preparations for the Conference.

6. Seventeen pre-conference events have been successfully organized, with a focus on developmental issues that are crucial to landlocked developing countries, including international trade, trade facilitation and aid for trade, road and rail financing, the role of services, transport development, impacts of climate change, desertification, land degradation and drought, information and communications technology development and connectivity and the vulnerability of landlocked developing countries to external shocks. There has also been a brainstorming meeting on the priorities for a new development agenda for landlocked developing countries and an event to discuss the implications of the World Trade Organization (WTO) Agreement on Trade Facilitation Agreement on such countries. As a result of those pre-conference events, a number of priority issues regarding landlocked developing countries have been crystallized.

7. As regards preparations by the private sector, a steering committee was established and has since held regular consultations with the aim of providing private-sector inputs to the Conference. The private sector has also participated actively in all the preparatory events. To ensure that the private sector concerns are fully addressed, the committee conducted a survey involving the business community in landlocked developing countries, aimed at establishing their priorities. The private sector also organized side events during the first session of the Intergovernmental Preparatory Committee.

8. The present report is based on annual progress reports on the implementation of the Almaty Programme of Action, a synthesis of national and regional review reports, thematic pre-conference outcome documents as well as other substantive reports. Much of the analytical work in the report is based on data available from the United Nations system, the World Bank and the Organization for Economic Cooperation and Development (OECD). Section II below contains a summary of the overall progress of the landlocked developing countries in terms of economic and social development. Section III contains an in-depth account of the progress made in the implementation of the key priorities of the Almaty Programme of Action. On the basis of that analysis, section IV includes conclusions and recommendations for a new programme of action. The report also has a statistical annex.

II. Review of the developments in the economic and social conditions of the landlocked developing countries

9. Landlockedness continues to hinder the full participation of landlocked developing countries in international trade and minimizes their comparative advantage. The Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States estimates that the level of development in landlocked developing countries is about 20 per cent lower than those countries could expect were it not for their landlockedness. In 2012, the trade volume of such countries was just 61 per cent that of coastal countries. In its publication, *Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises*, the World Bank estimated that the basic import and export costs of landlocked developing countries were nearly twice those of their transit neighbours. Such countries spent, on average, $3,204 to export a standardized container of cargo, whereas transit countries spent $1,268. Furthermore, while it cost those countries $3,884 to import a container of merchandise, their coastal neighbours incurred a cost of just $1,434 for the same.

10. Despite these comparative disadvantages, landlocked developing countries have made tangible progress in the social and economic fields, including an annual gross domestic product (GDP) growth rate that reached 9.0 per cent in 2006 and 2007. Following the onset of the global financial and economic crisis, the annual GDP growth rate contracted sharply to about 4.0 per cent in 2009. Growth rebounded briefly to 7.1 per cent in 2010, before suffering back-to-back contraction, to a modest 5.7 per cent in 2012. GDP per capita has steadily increased, from $939 in 2003 to $1,433 in 2012. In 13 countries, per capita incomes have risen by more than 50 per cent. Three countries, namely, Armenia, Azerbaijan and Turkmenistan, have doubled their incomes since the start of the Almaty Programme of Action. Despite that progress, nearly two thirds of landlocked developing countries have a per capita income that is well below $1,000.

11. The implementation of the Almaty Programme of Action coincided with periods during which there was a significant drop in growth volatility, indicating greater stability in economic growth outcomes. Before 2003, growth volatility for landlocked developing countries fluctuated by 5.7 percentage points on average. Fluctuation declined to 3.6 per cent in the period 2007-2009 before inching up to 3.7 per cent in 2010-2012. The benefits of a reduction in volatility are twofold. First, less volatility means less uncertainty, which in turn makes landlocked developing countries more attractive to both local and foreign investors. In this sense, there is likely to be a positive association between reduced volatility and future growth potential. Second, individuals in the bottom part of income distribution are generally those who suffer the most during recessions and gain the least in times of economic expansion. Accordingly, reducing volatility helps to reduce both absolute and relative poverty.

12. Besides growth volatility, inflation in landlocked developing countries has also continued to decline during the review period. Since 2000-2003, inflation has fallen from a double-digit average of 13.5 per cent to 7.0 per cent in 2010-2012. This development indicates better monetary policy management and the successful relaxation of some structural supply-side constraints that may be related to geographical isolation.

13. Landlocked developing countries manifest a high trade concentration ratio when compared with other groups of countries. On the basis of the trade diversification index of the United Nations Conference on Trade and Development (UNCTAD), which shows how a country's export structure varies from the world average, the export structure of landlocked developing countries is highly concentrated, scoring an index of 0.77 in 2010-2012. Transit developing countries and other developing countries were relatively less concentrated, at 0.69 and 0.70, respectively. Over the same period, advanced economies, with a much greater diversity of exports, had a trade diversification index of 0.47.

14. The majority of the landlocked developing countries are undergoing steady deindustrialization. In addition, they have been unable to shift their production from traditional and low productive sectors to higher productive sectors. For countries where there has been an increase in the relative share of the industry sector, much of that increase can be traced to expansion in the extractive and mining subsectors, followed by construction, particularly infrastructure development. Manufacturing, as a relative share of GDP, continues to steadily decline from around 13 per cent in 2003 to an average 10.7 per cent between 2010 and 2012. A similar trend was observed in the case of agriculture. This trend underscores the inability of the Almaty Programme of Action to spur and sustain growth in value addition. Besides slowing down economic diversification, deindustrialization undermines productive capacity and reverses structural transformation, isolating the landlocked developing countries further. It also prevents their effective and meaningful participation in global value chains and international trade. Against this reality, innovative thinking is required, along with robust industrial development policies. For many landlocked developing countries, the strengthening of the services sector remains a priority, in order to attain efficiency and growth in the more traditional areas, such as education, health care, banking and insurance, along with research and development, corporate support and tourism.

15. The World Bank's country policy and institutional assessment considers a combination of factors relevant to gender equality in developing nations, such as equal protection under law, access to health and education and institutions. While values are unavailable before the adoption of the Almaty Programme of Action, landlocked developing countries have made strong progress since 2005. Improvement in gender equality is reflected in the growing share of women employed in the non-agricultural sector, which has increased by almost 6 percentage points since the early 2000s. On average, equality in education has continued to improve over the past decade. Notable increases in the enrolment ratios of girls-to-boys in primary and secondary education have been observed from the period 2004-2006 to the period 2007-2009.

16. Education and youth literacy is important in building future human capital in developing nations. Youth literacy rates for landlocked developing countries, expressed as a percentage of population between the ages of 15 and 24, have improved on average by 4.2 percentage points from 82.7 per cent in 2000 to 86.9 per cent in 2011. This progress notwithstanding, landlocked developing countries still have one of the lowest youth literacy rates of all comparable groups.

17. The Almaty Programme of Action explicitly acknowledges that fundamental transit policy reform programmes should be accompanied by poverty reduction policies and strategies to promote sustainability. More generally, the ultimate scope

of development is to improve living conditions, not just along the monetary dimension, but also in terms of quality of life, health and human welfare. Against this backdrop, it is imperative to consider the percentage of the population in landlocked developing countries who live on less than $1.25 per day. For the few countries where data is available, that population has decreased from about 28 per cent between 2000 and 2005 to 21 per cent between 2006 and 2011. However, extreme poverty remains prevalent in landlocked developing countries, half of which are also least developed countries. Similar patterns are evident for other human development indicators, such as infant mortality rate, maternal mortality ratio and HIV prevalence. In general, while there has been notable improvement, landlocked developing countries tend to perform poorly when compared with other groups of countries.

18. The later years of the Almaty Programme of Action have revealed several structural weaknesses of landlocked developing countries, including extreme vulnerability to social and economic shocks. Not only did the economies of those countries contract the most following the global financial and economic crises, they also experienced a much more slackened growth in international support measures, including the inflow of foreign capital such as official development assistance (ODA) and foreign direct investment (FDI) than other countries. For instance, trade in landlocked developing countries as a share of GDP declined 7 per cent, to 78.3 per cent, between 2008 and 2010. At the same time, transit developing countries witnessed a modest 1.2 per cent contraction, while the global average fell a mere 0.5 per cent. Merchandise trade was highest in 2008, when it reached 72.8 per cent of landlocked developing countries' GDP. However, it soon fell to 58.4 per cent in 2009. Even though they suffered a greater impact, landlocked developing countries' receipts of net ODA, expressed as a percentage of gross national income, fell from 9.6 in 2007-2009, to 8.5 in 2010-2011, while there was a slight increase in transit developing countries and other developing countries.

III. Progress achieved in the priorities of the Almaty Programme of Action

A. Fundamental transit policy issues

19. Since the adoption of the Almaty Programme of Action, notable progress has been made in reviewing regulatory frameworks applicable to transit transport and trade to eliminate inefficiencies and non-physical barriers to cross-border transport. There has been a liberalization and greater participation of the private sector in transit corridor management and infrastructure development; the establishment of stronger institutional support arrangements for transit; the entry into force of comprehensive intergovernmental agreements; an increased accession to the multilateral transit conventions; an increased collaboration of private and public sectors; and a broader cooperation at the bilateral, regional and international levels and use of electronic data exchange. Many landlocked developing countries have reviewed or are in the process of reviewing their customs legislation to ensure uniformity with their neighbours and other international standards and procedures. Such countries have increased harmonization of transport and transit policies, laws, procedures and practices with transit countries. There has been increased establishment, adoption and implementation of regional and subregional transit

facilitation agreements. Border facilities and procedures have been streamlined and harmonized, leading to increased efficiency and fewer delays.

20. The landlocked developing countries and transit neighbours have taken initiatives to strengthen and establish institutional mechanisms for coordinating work on national transit transport facilitation. For example, several countries have established national transport and trade facilitation committees that include both the public and private sectors, such as a transport facilitation committee in Mali, a national committee on trade facilitation in Burkina Faso, the Central African Republic, Botswana and Zambia, a national trade and transport facilitation committee in Armenia, Azerbaijan, Chad, Kyrgyzstan, Mongolia, Nepal, Swaziland and Tajikistan, while Kazakhstan has established a national committee on transit and Bhutan also has a national trade facilitation committee. Such committees have facilitated effective coordination among the relevant agencies responsible for international trade and transport facilitation. However, the major challenge has been their effectiveness and coordinated operational capacity.

21. Landlocked developing countries are actively involving the private sector in trade facilitation and transit policy development. For example, all Southern African Customs Union members, including landlocked Botswana, Lesotho and Swaziland, established a customs trade forum that includes the private sector in order to strengthen the relationship between customs administration and traders. At the national level, Malawi and Mongolia have included the enactment of public-private partnership policies to allow the participation of the private sector in the provision of infrastructure and services. Swaziland has established a number of national committees that meet on a regular basis to promote public-private dialogue and cooperation on such issues as formulating proper transit policy and procedures.

22. At the national level, initiatives have related to breaking up railway monopolies in some landlocked developing countries and allowing road competition. In many landlocked and transit developing countries, national railway companies now compete with road transport operators on an equal footing. Railways in many countries are now required by governments to observe commercial principles. For example, in West Africa, the railway line from Dakar to Bamako has been run since 2003 under private management. South Africa has undertaken reforms to ensure increased participation of the private sector in infrastructure development and maintenance. Asian landlocked and transit developing countries have also undertaken policy measures to liberalize transit services.

23. The private sector in landlocked developing countries has also increasingly established professional bodies, such as road transporters' associations and freight forwarders' associations, to provide platforms for representation and dialogue with governments to promote their common interests and improve the legal framework for transit transport operations. The national professional bodies are affiliated with regional and subregional bodies that represent and promote the interests of their members. These reforms help promote an environment for closer public and private sector cooperation and collaboration.

24. International conventions on transport and transit, as well as regional and subregional agreements, ratified by landlocked and transit developing countries, are the main vehicles by which the harmonization, simplification and standardization of rules and documentation can be achieved. There are over 50 United Nations conventions on international transport and trade facilitation. Seven of them are

especially relevant as they provide at least the minimum level of international harmonization to transit trade and border crossing for landlocked developing countries as identified by the Economic and Social Commission for Asia and the Pacific (ESCAP) in its resolution 48/11 on road and rail transport modes in relation to facilitation measures. There are other relevant international conventions, such as the International Convention on the Simplification and Harmonization of Customs Procedures, as amended (1999). The status of accession to these key international conventions is low, as shown in table 1 below.

25. Landlocked developing countries and transit developing countries should be given support in becoming party to these important legal instruments. In that regard, regional economic commissions and other specialized agencies can provide technical support to landlocked and transit developing countries. These organizations may further intensify capacity-building assistance, including training programmes to all stakeholders, and raise awareness and understanding of the process and implications of accession to international conventions relating to the facilitation of transit transport.

Table 1
Status of accession to or ratification of selected United Nations conventions by landlocked developing countries and transit countries as at 30 June 2014

Convention	*Number of landlocked developing countries*	*Number of transit countries*
Convention on Road Traffic (1968)	13	12
Convention on Road Signs and Signals (1968)	8	9
Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975)	11	5
Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956)	6	3
Customs Convention on Containers (1972)	6	3
International Convention on the Harmonization of Frontier Controls of Goods (1982)	11	3
Convention on the Contract for the International Carriage of Goods by Road (1956)	10	2
International Convention on the Simplification and Harmonization of Customs Procedures, as amended (1999)	14	15

Source: www.unece.org/trans/conventn/legalinst.html and www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/instruments.aspx.

26. At the regional and subregional levels, over the years, the landlocked developing countries and their transit neighbours have established transit transport and trade facilitation agreements within their regional economic communities. There have been some decisions taken and amendments made in regional and subregional agreements in order to strengthen transport and transit facilitation and integration.

27. In Asia, substantial progress has been made in developing and implementing the Intergovernmental Agreement on the Asian Highway Network, which was adopted in 2003 and entered into force in 2005, and the Intergovernmental

Agreement on the Trans-Asian Railway Network, which was established in 2006 and entered into force in 2009. The Intergovernmental Agreement on Dry Ports was adopted and was opened for signature in Bangkok in November 2013. As at 11 July 2014, the Agreement had 15 signatories and had been ratified by two countries (Republic of Korea and Thailand). Over the review period, other relevant agreements were adopted in Asia aimed at improving transit transport and trade facilitation in the region. For example, in 2012, member States of the Shanghai Cooperation Organization concluded their negotiation on a draft agreement on the facilitation of international road transport and its annexes. Through this agreement, two more seaports in China and the Russian Federation will be accessible for transit traffic to and from Central Asia.

28. The Customs Union between Kazakhstan, Belarus and the Russian Federation, formed in 2010, has helped to significantly reduce the time taken by trucks leaving Kazakhstan and entering the Russian Federation, from seven hours to two hours. Among the Greater Mekong subregion countries, the Lao People's Democratic Republic, Thailand and Viet Nam concluded in 2012 an amended memorandum of understanding to extend the routes of the East-West Economic Corridor to their capital cities. This initiative will expand the geographical scope of transport services and offer flexibility in transport routes for operators.

29. Transport Ministers and other high-level government representatives from the Euro-Asian region signed a joint declaration on the promotion of Euro-Asian rail transport and activities towards unified railway law in February 2013 in Geneva. The Declaration contains the commitment of countries along Euro-Asian rail transport lines to work together to establish unified legal conditions for railways that are equivalent to those existing already for other modes (road, air, inland water and sea) to allow transport of cargo and containers by rail across countries with a single transport contract, a single consignment note and under a single liability.

30. The African region has made progress towards establishing the intergovernmental agreement for harmonizing the norms and standards of the Trans-African Highway road network. The third session of the African Union Conference of African Ministers of Transport, held in April 2014, endorsed the agreement. The same Conference adopted the African Road Safety Charter and Vision 2040 for Railway Development in Africa. The regional economic communities in Africa are moving increasingly towards consolidating and harmonizing policies and programmes among themselves. For example, on 12 June 2011, the Heads of State and Governments of the East African Community, the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) met and signed a declaration launching negotiations for the establishment of a tripartite free trade area that will strengthen and deepen economic integration, including simplification and harmonization of customs documents and procedures; harmonization of categorization of goods; and application of integrated border management principles with the creation of one-stop border posts.

31. In West Africa, there is an increasingly close relationship between the Economic Community of West African States and the West African Economic and Monetary Union, which has led to the adoption of a common programme of action on a number of issues, including trade liberalization and macroeconomic policy convergence. In Central Africa, the Economic Community of Central African States

and the Central African Economic and Monetary Community are working increasingly towards harmonizing their policies and programmes. Those efforts, particularly on transport, communications and customs, will help to facilitate transit, transport and trade for landlocked developing countries.

32. In the Africa region, specific agreements have been reached to improve the smooth operation of some transit corridors. For example, the legal instrument for the Northern Corridor Transit and Transport Agreement between Burundi, the Democratic Republic of the Congo, Kenya, Rwanda and Uganda, adopted in 2007, is an updated version of the 1985 agreement, including an expanded mandate and allowances for new developments in the region. The agreement between Burundi, the Democratic Republic of the Congo, Rwanda, Uganda and the United Republic of Tanzania establishing the Central Corridor Transit Transport Facilitation Agency was adopted in 2006 and is aimed at using their corridor as a most effective route for the surface transport of goods between the partner States. The contracting States have agreed to grant each other the right of transit through their respective territories and to provide all possible facilities, regulations and procedures for that purpose, without any discrimination.

33. In South America, regional integration has been further deepened through the establishment of the Union of South American Nations, an intergovernmental organization that integrates the regional agreements, including the Common Market of the South (MERCOSUR) and the Andean Community. The constitutive treaty of the Union of South American Nations entered into force on 11 March 2011 and allows for wider harmonization of policies in infrastructure development.

34. Bilateral agreements are still the predominant tool for road transport transit facilitation, even in high regional integration areas. They are needed to implement local provisions, such as common procedures and opening hours of border posts. There are several examples of such bilateral agreements. China and Mongolia renewed their agreement on international road transport and its protocol in June 2011. The renewed agreement opened 36 transport routes that run through 13 border crossings between the two countries, and introduced long-term multiple entry permits for the carriage of goods to complement the existing short-term single entry permits. In August 2012, Kazakhstan and Kyrgyzstan moved to simplify formalities and procedures at their border crossings through the implementation of a single-stop inspection point for vehicles, goods and passengers at border crossings. This was the result of the agreement between the Government of Kazakhstan and the Government of Kyrgyzstan on joint control at the Kyrgyz-Kazakh borders, signed in 2006.

35. Botswana and Namibia have negotiated an agreement on the establishment of a one-stop border post at the Mamuno and the Trans-Kalahari border posts. Ethiopia has signed treaties on port utilization and services to import/export cargoes and maritime transport cooperation with Djibouti, the Sudan and Yemen. Malawi has bilateral agreements on air, road, marine and rail with Mozambique, South Africa, the United Republic of Tanzania, Zambia and Zimbabwe on transit issues. Although bilateral agreements are used frequently, a World Bank study of 70 bilateral agreements revealed that some of the bilateral treaties are over-elaborate and could be counterproductive as they introduce rigidities in implementation, deviate from international best practices or defend vested interests. A different study found that some of the bilateral agreements have been in place longer than the regional agreements and maintain old-fashioned, freight-sharing agreements between

countries that are neither consistent with general principles of customs transit nor conducive to overall transit efficiency. It is important that landlocked developing countries and their transit neighbours be supported to adopt a more comprehensive approach in formulating bilateral agreements, on the basis of international conventions, best practices, norms and standards.

36. During the review period, landlocked developing countries and transit countries have been increasingly implementing measures that considerably reduce trade transaction costs and delays at border crossing points. Those measures include the application of information technology, such as an automated system for customs data, and one-stop border posts, such as the one at Chirundu, on the border between Zambia and Zimbabwe, which has cut the border crossing time from nine days to about nine hours. Other measures include third-party motor insurance schemes, such as the "yellow card" system for the COMESA region; the reduction of roadblocks; the introduction of electronic tracking systems; the extension of working hours, for example, in Burundi and Swaziland); the use of a single administrative document for customs clearance, for example, in Burkina Faso, Chad, Lesotho, Paraguay and Swaziland; and the increased use of electronic systems for customs clearance.

37. The majority of landlocked developing countries have started to introduce information and communications technology at borders. Countries that have started to computerize their borders through an automated system for customs data include Afghanistan, Botswana, Burkina Faso, Burundi, the Central African Republic, Chad, Ethiopia, the Lao People's Democratic Republic, the former Yugoslav Republic of Macedonia, Lesotho, Malawi, Mali, Nepal, the Niger, the Plurinational State of Bolivia, the Republic of Moldova, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe. Paraguay has also computerized its system, though it is using a different programme. Many landlocked developing countries, including Armenia, Azerbaijan, Burkina Faso, Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Mongolia, Nepal, Paraguay, the Republic of Moldova, Rwanda, Tajikistan, Uganda, Uzbekistan and Zambia, have introduced or are planning to introduce single-window border posts. Several economies have reported positive results from the implementation of that measure.

38. According to the various study reports, the number of days that landlocked developing countries take to import has decreased from 57 in 2006 to 47 in 2014. Furthermore, the number of days to export has decreased from 48 to 42 over the same period. Despite this major achievement, more is required on this priority area in order to achieve a further reduction in the number of days taken.

B. Infrastructure development and maintenance

39. The landlocked developing countries have made considerable efforts in improving transport connectivity with neighbouring countries and enhancing domestic transport connectivity by improving and upgrading their transport networks. Progress has been made in upgrading and expanding the road transit transport system, which is the leading mode of transport to the nearest sea ports for most landlocked developing countries. At the regional level, in Asia, about 6.5 per cent of the Asian Highway Network, which currently comprises a total of about 141,000 km of roads passing through 32 member States, was upgraded between 2006 and 2010. Despite that progress, about 11,915 km (8 per cent of the total) of

the roads in the Network did not meet the minimum desirable standards in 2010. According to a study by ESCAP, almost two thirds of the 11,915 km of roads under class III are in Afghanistan, Mongolia, Myanmar, Pakistan and Tajikistan (see E/ESCAP/70/5).

40. In Africa, major improvements have been made on the Trans-African Highway which has a total length of 54,120 km distributed along nine corridors. Progress has been made in the development of road infrastructure in the major transport corridors. The regional economic communities have upgraded those sections that fall within their subregions and have constructed several missing links. Progress has been made in the project to complete the missing links of the Trans-Sahara Highway, which would link Algeria and the Niger. Developments have also included the rehabilitation of 220 km of the Tanzam Highway in the United Republic of Tanzania, the construction of the South Rukuru Bridge in Malawi and the road project linking Addis Ababa with Nairobi and Mombasa, Kenya. However, overall progress has been slow and the Trans-African Highway is still characterized by missing links and poor maintenance in key segments. To provide a meaningful level of continental connectivity, about 100,000 km of regional roads are required.

41. In 2010, the African Union launched the Programme for Infrastructure Development in Africa to coordinate the efforts and use of resources for infrastructure development. The Programme comprises priority infrastructure projects on energy, transport, transboundary water and information and communications technology that are being implemented under the priority action plan for 2012 to 2020. The projects under the priority action plan are estimated to cost $67.9 billion, including transport infrastructure projects that will cost about $24.4 billion.

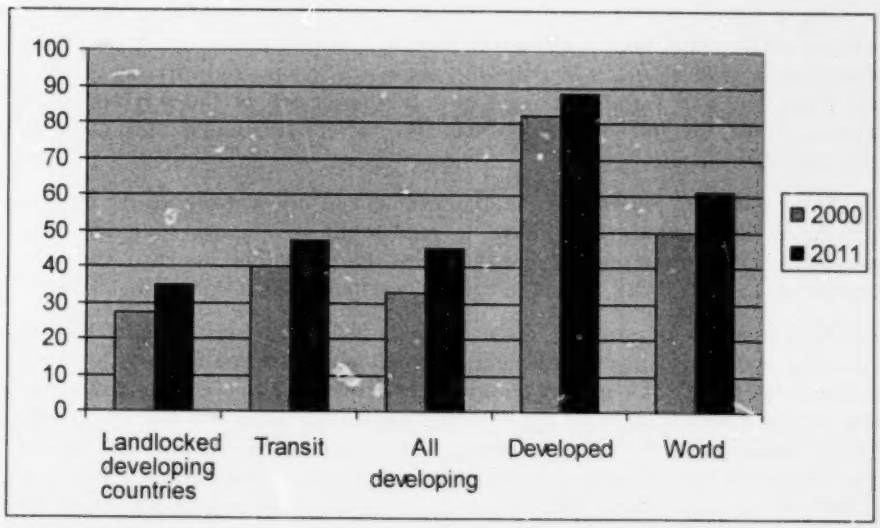
42. In South America, the Initiative for the Integration of Regional Infrastructure in South America has coordinated the development of transport, energy and telecommunications infrastructure in the region. In December 2012, the total number of transportation projects in the Initiative portfolio was 474, with highway projects accounting for the largest share at 47.5 per cent, while multimodal projects accounted for the smallest share with 3 per cent.

43. At the national level, the landlocked developing countries have been undertaking road construction projects to expand and upgrade their network over the review period. For example, the total length of the Burkina Faso road system expanded from 9,500 km in 1998 to 15,272 km in 2010, and total asphalted road length also increased by over fifty per cent during that period. In Chad, the amount of paved roads increased from 557 km in 2002 to 1,616 km in 2012. In Ethiopia, the national level road length increased from 37,018 km in 2002-2003 to 56,190 km in 2011-2012. In the Lao People's Democratic Republic, over 3,000 km of road has been rehabilitated or substantially improved over the last decade. In Azerbaijan, more than 7,000 km of roads were constructed or rehabilitated over the review period. In Tajikistan, a total of 1,650 km of highways were constructed or upgraded, improving transport between Dushanbe and border points with China, Kyrgyzstan and Uzbekistan. Kazakhstan is implementing 61 infrastructure development projects, with a total budget of over $23 billion, which include rebuilding and upgrading of over 20,000 km of highways. Mongolia is undertaking road construction projects, some of which have already been completed. In 2012 and 2013, for example, a total of 1,820 km of roads were constructed.

44. The main source of funds for the development and maintenance of roads, as reported by the landlocked developing countries in their national reports, is through normal government budget allocation, development partners and road funds collected from road-user charges, fuel levies or budget allocations. For example, the following landlocked developing countries indicated in their national reports that they were using resources from established road funds: Botswana, Burkina Faso, Burundi, Chad, Ethiopia, Lao People's Democratic Republic, Lesotho, Malawi, Republic of Moldova, Zambia and Zimbabwe. Some countries have created road agencies, independent from line ministries, with the prime responsibility for assigning outside contracts for public works activities.

45. Overall, although the percentage of paved roads in the landlocked developing countries has improved since 2003, it remains low, with only nine countries having greater than 50 per cent and eight countries having between 20 to 49 per cent of their roads paved. When compared with the other groups of countries, landlocked developing countries have the lowest percentage of paved roads, followed by transit developing countries, as shown in figure I.

Figure I
Percentage of paved roads



Source: Statistics Division database.

46. Railways remain an underutilized mode of transport for many landlocked developing countries, with only 10 landlocked developing countries having 1,000 km or more of railways for freight service. The total length of the Trans-Asian Railway network, which comprises 117,500 km of railway lines serving 28 member countries, has about 10,500 km of missing links (9 per cent). Some progress has been made in the planning and construction of missing links in Azerbaijan, the Lao People's Democratic Republic, Mongolia and Uzbekistan. There has been an expansion and increase in the use of the railway network in Kazakhstan, Mongolia, Turkmenistan and Uzbekistan. In Africa, the railway network of 74,775 km has a very low density and is mostly located in northern Africa and southern Africa. The

regional railway network still has about 26,362 km of missing links. Not much progress has been recorded in that subsector, but some rail projects are being revitalized in western, central, eastern and southern Africa. Progress has been made in respect of railway integration in South America. In Paraguay, rail transport is currently being redesigned, with a focus on the development of integrated freight corridors, as the old route has fallen into disuse.

47. The major challenges facing development of the railway networks include limited resources to invest in the missing links, limited capacity or facilities for handling traffic, reduced availability of rolling stock, particularly the locomotives on the railway, and differences in railway gauges, resulting in the frequent loading and unloading of goods and increased delays and transport costs. Because of increasing competition with the road sector, rail companies have experienced slow or sometimes negative growth.

48. Inland waterways or river transport have played a major role in the transport of goods in the Central African Republic, Chad, Kazakhstan, the Lao People's Democratic Republic, Paraguay and the Plurinational State of Bolivia. Some of the major challenges include the need to improve the navigability of some of the rivers and the limited use of some rivers during the dry season owing to low water levels.

49. The development of roads, rail networks and inland waterways should be supplemented by the simultaneous development of support infrastructure. Ancillary infrastructure will ensure not only the safety of roads, railways and inland waterways, but also the involvement of local businesses in the services along highway, railway and inland waterway networks, thereby resulting in the creation of development corridors.

50. There has been progress in the establishment of dry ports in all the regions over the review period. The following landlocked developing countries have established or are in the process of establishing dry ports: Burkina Faso, Ethiopia, Kazakhstan, Lesotho, Mali, Nepal, Paraguay, Swaziland, Uganda and Uzbekistan.

51. With regard to air transport, cargo airfreight has increased in some landlocked developing countries. However, demand is limited by cost, which is typically priced between 4 and 5 times that of road transport and between 12 and 16 times that of sea transport. Air transport is important in supporting the passenger and tourism sectors in many landlocked developing countries. The number of registered flight carrier departures in landlocked developing countries as a group increased from about from 200,000 in 2003 to about 362,800 in 2013. The major challenges faced by landlocked developing countries with respect to the air transport industry are the huge resources necessary for infrastructure investment, maintenance, rehabilitation and replacement of aged fleets, combined with a lack of skills and lack of state-of-the-art terminals. This limits the shipments by air of goods that are high-value per unit or time-sensitive in nature, such as documents, pharmaceuticals, fashion garments, electronics consumer goods and perishable agricultural and seafood products. Higher fuel prices have also prevented the increased use of air freight.

52. Pipelines provide the most cost-effective means of transport for both crude oil and its finished products. Armenia, the Plurinational State of Bolivia, Chad, Kazakhstan, the Republic of Moldova, Turkmenistan and Uzbekistan expanded their oil and gas pipelines over the review period.

53. The landlocked developing countries have made remarkable progress in improving telecommunication infrastructure, particularly Internet connectivity and cellular phones, as shown in table 7 of the annex to the present report. This has been made possible through liberalization of the telecommunication sector and the resulting increased private-sector investment. Despite this progress in information and communications technology penetration, landlocked developing countries lag behind other developing countries in terms of broadband Internet access, despite the fact that this technology could play a crucial role in increasing connectivity, boosting enterprise competitiveness and facilitating international trade. The priorities for improving information and communications technology in the landlocked developing countries include improving access to high-capacity international submarine fibre-optic cable networks for low-price international voice services, establishing higher-speed Internet access and laying high-bandwidth backbone networks to connect towns and cities within countries and promote implementation of infrastructure-sharing between transport, energy and information and communications technology sectors, in collaboration with transit neighbours.

54. A reliable, modern and affordable energy infrastructure is vital for reducing delays in transit time for landlocked developing countries' consignments and for building the productive capacity. Landlocked developing countries' economies exhibit a wide variation in rates of electrification. Even though marked improvements in electrification have been seen over the past decade, there is still a long way to go before basic energy infrastructure needs are fulfilled in most landlocked developing countries. Furthermore, the most recent data from the Africa region show that African countries endured, on average, 8.6 power outages per month in 2012. Power outages are due largely to a lack of regional interconnectivity between electricity grids and shortages in affected countries.

55. Closing the infrastructure financing gap cannot be tackled by the public sector alone. It requires forging subregional and regional cooperation on infrastructure projects, strengthening national budgets and international development assistance and enhancing the role of the private sector in infrastructure development. It is also important to explore innovative financing mechanisms, including the use of public-private partnerships, infrastructure bonds and diaspora bonds. Landlocked and transit developing countries should also consider implementing multi-sector infrastructure-sharing initiatives, for example, in roads, power and communications, so as to reduce financing requirements. Regional infrastructure funds could serve in the future as a vehicle to mobilize resources for regional infrastructure development. For example, in 2010, member States of the Association of Southeast Asian Nations (ASEAN) and the Asian Development Bank (ADB) set up the ASEAN Infrastructure Fund, with an initial equity base of $485 million, of which $335 million is provided by ASEAN members and the remaining $150 million from the ADB.

C. International trade and trade facilitation

56. The Almaty Programme of Action acknowledges trade as an engine of growth when it comes to economic development. In 2003, the value of merchandise exports from landlocked developing countries was a little over $44 billion, and accounted for a negligible 0.58 per cent of the global volume. As of 2013, the share of global merchandise export from such countries had more than doubled to 1.2 per cent. In current prices, merchandise export earnings had increased more than fivefold, to

$227.8 billion. Compared with other groups of countries, landlocked developing countries experienced the fastest growth in merchandise export. For instance, while those countries' earnings from merchandise exports increased 415 per cent over the 10-year period, least developed countries and small island developing States achieved a growth of 366 per cent and 148 per cent respectively. Disaggregated merchandise data reveal significant disparities: over 65 per cent of revenue accrued from merchandise export between 2010 and 2012 went to just four countries.

57. There is therefore some evidence that the Almaty Programme of Action has been relatively successful in promoting the participation of landlocked developing countries in international trade. With the exception of the Central African Republic, Lesotho, Nepal, Swaziland and Tajikistan, merchandise export earnings more than doubled for all countries during the Almaty Programme of Action decade. Earnings were particularly strong for Azerbaijan, Rwanda, Zambia, the Lao People's Democratic Republic, the Plurinational State of Bolivia, Mongolia, Burkina Faso and Kazakhstan. Another important observation is that strong growth was experienced by both resource-rich and resource-poor landlocked developing countries. It is also important, once again, to stress the intra-group imbalance: in 2012, more than half of the group's merchandise exports originated from just two countries.

58. Although important, reliance on commodities to spur economic growth has limitations. For instance, the relative prices of primary commodities generally show a negative trend, which in turn, cause the worsening of the terms of trade for commodities-dependent economies. In other words, import prices for such countries rise faster than export prices, other things being the same. Over time, it would take increasing amounts of agricultural or mineral products (exports) to purchase manufactured goods (imports). Indeed, since 2000, the terms of trade of landlocked developing countries have declined by 84 per cent. Over the same time, terms of trade have deteriorated 53 per cent and 48 per cent for least developed countries and small island developing States, respectively.

59. One of the direct consequences of worsening terms of trade is the rise in trade deficit for countries that largely depend on foreign exchange earnings from commodities to pay for imported manufactured and capital goods. There are, thus, good reasons for landlocked developing countries to pursue policies and strategies that would bring about economic transformation that is in favour of manufacturing and services. They should also undertake targeted measures aimed at improving their terms of trade, since doing so would bring about a rise in real incomes, savings and a balance of payment surplus. Additionally, there is empirical evidence that suggests that changes in terms of trade could account for roughly half of output volatility among developing countries.

60. In the context of international trade, a dynamic and competitive service sector has been identified as a means of overcoming the challenge of landlockedness. Services are largely transit-neutral and manifest relatively lower transaction costs, thereby offering landlocked developing countries the prospect of exploring opportunities in which they hold a clear comparative advantage and have the potential to be truly competitive. It is for this reason that landlocked developing countries have been encouraged to shift their economies away from sectors of low productivity, such as high-bulk low-value commodities, to value-addition operations, manufactured goods and tourism. The services sector may offer turnkey projects for

many landlocked developing countries, with the potential to create well-paying jobs, spur economic and export diversification and promote environmental conservation.

61. Disaggregated services sector data reveals commendable efforts at the country level. Since 2000, 16 landlocked developing countries' economies show a steady increase in the relative component of the services in their economies. For 12 such countries with significant mineral and hydrocarbon exports, the relative share of the services has declined, suggesting the presence of "Dutch disease". Tourism, which holds great potential as an engine of growth, is yet to be adequately explored in a number of landlocked developing countries.

62. Reviewing the time, costs and documentation required for cross-border trade in landlocked developing countries helps to understand the trade facilitation progress accomplished under the Almaty Programme of Action. The data on the costs of crossing borders, contained in table 2, shows that both export and import costs remain marginally higher for landlocked developing countries than for transit developing countries and global averages. Since 2005, the cost of importing a standard container to a typical landlocked developing country has increased at an annual rate of about 5.6 per cent, while global costs have risen by 2.8 per cent, and by 2.7 per cent for transit developing countries. Export costs faced by landlocked developing countries also remain significantly higher, and continue to trend upwards. The cost for landlocked developing countries to export a standard container has increased by 44.9 per cent, from 2005 to 2013. The world average has only increased by 23.4 per cent, while similar costs have gone up by 24.9 per cent for transit developing countries over the same period.

Table 2
Costs, time and documentation related to international trade

	2005	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*
Cost to export (United States dollars per container)									
Landlocked developing countries	2 212	2 212	2 242	2 554	2 629	2 689	2 736	3 034	3 204
Transit developing countries	1 015	1 030	1 020	1 155	1 183	1 210	1 239	1 257	1 268
Developing countries	1 308	1 297	1 265	1 410	1 440	1 464	1 494	1 578	1 627
World	1 228	1 221	1 196	1 333	1 360	1 379	1 401	1 474	1 515
Cost to import (United States dollars per container)									
Landlocked developing countries	2 690	2 690	2 715	3 056	3 143	3 257	3 300	3 626	3 884
Transit developing countries	183	1 158	1 143	1 259	1 260	1 295	1 378	1 428	1 434
Developing countries	1 450	1 430	1 405	1 551	1 581	1 635	1 665	1 740	1 779
World	1 261	1 255	1 205	1 334	1 354	1 401	1 437	1 521	1 540
Export time (days)									
Landlocked developing countries	48.83	48.83	47.63	47.13	44.87	42.93	42.37	42.13	41.53
Transit developing countries	30.44	27.63	26.63	25.09	24.25	23.56	23.13	22.79	22.27
Developing countries	31.32	29.74	28.36	27.44	26.41	25.49	24.93	24.84	24.63
World	27.66	26.23	25.17	24.29	23.49	22.69	22.17	22.07	21.86

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Documents required to export									
Landlocked developing countries	9.20	9.20	8.80	8.77	8.57	8.40	8.40	8.33	8.33
Transit developing countries	7.81	7.78	7.47	7.16	7.16	7.16	7.16	7.15	7.15
Developing countries	7.20	7.17	6.98	6.88	6.82	6.78	6.76	6.77	6.78
World	6.61	6.56	6.41	6.31	6.26	6.22	6.21	6.21	6.22

Source: World Bank, *Doing Business: Smarter Regulations for Small and Medium-Size Enterprises* (Washington, D.C., 2013).

63. The implications for the relatively high export and import costs faced by landlocked developing countries include the erosion of their competitiveness, profitability and attractiveness to foreign investors. In 2013, transit developing countries spent less than 40 per cent of what it cost landlocked developing countries to export similar containers. Comparatively, this was 6 percentage points lower than what they spent in 2005.

64. World Bank data also shows that, during the reporting period, the average number of documents required for exports among landlocked developing countries decreased by 9.5 per cent, from 9.2 in 2005 to 8.3 in 2013, compared with average reductions of around 8.5 per cent and 5.9 per cent for transit developing countries and globally, respectively. Unfortunately, this progress falls well short of what is required to make landlocked developing countries' exports competitive on the world market. Relatively high shipping costs, delays and excessive and cumbersome bureaucracy persist in many landlocked developing countries. In 2005, merchandise exports from such countries took 60 per cent longer than from transit developing countries to reach their destinations. In 2013, landlocked developing countries were spending 87 per cent more time to export compared with their transit neighbours. In fact, shipping time for landlocked developing countries was 77 per cent higher than the global average in 2005, but has since increased to 89 per cent in 2013.

65. Long delays in exports and burdensome documentation are factors that further reduce trade competitiveness. It is imperative that landlocked developing countries track progress in trade facilitation by benchmarking themselves against their principal competitors, namely, transit developing countries. In other words, a competitive world market requires that import and export costs, shipping time and bureaucracy, as indicated by the number of documents, fall not necessarily in absolute terms, but in relation to potential competitors.

66. The Ninth Ministerial Conference of the World Trade Organization, held in Bali, Indonesia, from 3 to 7 December 2013 approved the "Bali package", which has been described by some as the first major agreement among WTO members since its formation in 1995. The Agreement on Trade Facilitation reached in Bali has the following five objectives: to speed up customs procedures; to make trade easier, faster and cheaper; to provide clarity, efficiency and transparency; to reduce bureaucracy and corruption; and to use technological advances. Of particular relevance to all landlocked developing countries, the Agreement has provisions on goods in transit. Part of the deal involves assistance for developing and landlocked developing countries to update their infrastructure and train customs officials, or for any other cost associated with implementing the Agreement.

67. Article 11 of the Agreement, on freedom of transit, includes the following provisions: any regulations or formalities shall not be maintained if circumstances or objectives no longer exist; traffic in transit shall not be conditioned on collection of fees, except for cost-based, transport and administrative expenses; voluntary restraints on traffic in transit shall be prohibited; the development of separate infrastructure for traffic in transit is to be encouraged; formalities and documents shall be made no more cumbersome than necessary; no charges, delays or restrictions will be imposed once goods are cleared for transit; there shall be no application of technical barriers to trade measures to transit goods; there shall be advance filing and processing of transit documentation; guarantees, limited to ensuring requirements are fulfilled, shall be discharged without delay.

68. Some estimates have pointed out that this Agreement will boost global trade by between $400 billion and $1 trillion. Additionally, the implementation of the Agreement is projected to reduce the costs of trade by 10-15 per cent. The conclusion of the WTO Agreement on Trade Facilitation was a major achievement and represents an important opportunity for landlocked developing countries. It is, thus, important that such countries that are already WTO members embark on the internal treaty ratification process as soon as possible and notify WTO of their acceptance of the Protocol. Landlocked developing countries should take advantage of technical assistance and capacity-building provisions to implement the Agreement. In order for landlocked developing countries to realize the full benefits, it is crucial for transit developing countries to ratify the treaty as well.

69. The implementation of the Agreement on Trade Facilitation would only be required once countries had attained the necessary capacity. In other words, the Agreement permits landlocked developing countries to undertake commitments to the extent that is consistent with their individual development, financial and trade needs. Additionally, a Committee on Trade Facilitation would hold at least one dedicated session per year to discuss problems related to implementation, review progress in the provision of technical assistance and capacity-building support, share experiences and information and review donor notifications.

70. Twelve landlocked developing countries conducted trade facilitation needs assessments in 2013. At the start of 2014, Ethiopia and Malawi were in line for the assessment, while the Republic of Moldova, the Niger, Nepal and Burkina Faso had formally requested the support of WTO to conduct the assessment. Besides this support, countries can also undertake a self-assessment to determine their technical assistance and capacity-building support needs and priorities to implement the Agreement on Trade Facilitation using relevant guidelines published and updated by WTO.

71. With the growing interlinkages in world trade, investment and production, global value chains account for a rising share of international trade. Linking such chains can facilitate greater integration of landlocked developing countries into world markets and allow them to become important links in the global production and distribution chain. Available evidence indicates that increased participation in global value chains is associated with swifter growth, greater productivity and employment creation, and can be a significant avenue for building productive capacity through technology and skills transfer.

D. International support measures

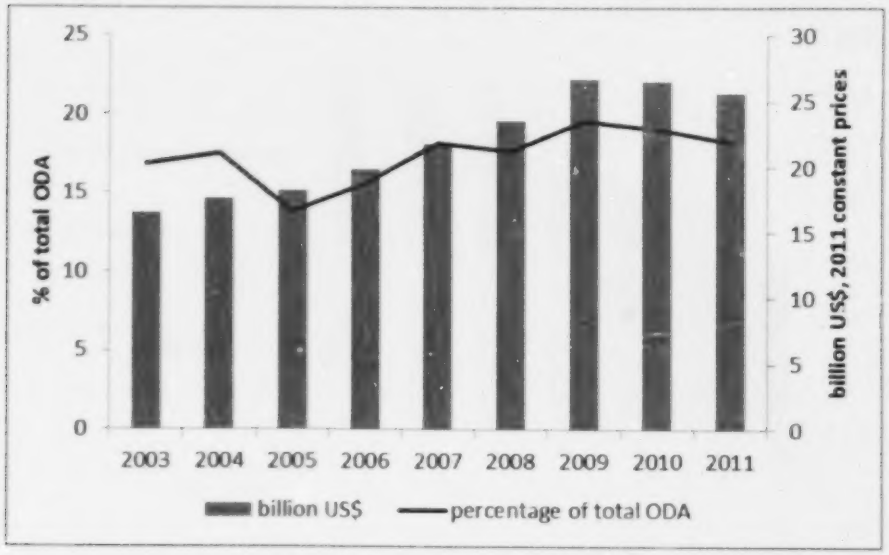
72. Though the Almaty Programme of Action recognized that the primary responsibility for implementing the Programme rests with landlocked developing countries and their transit neighbours, it also recognized that the cost implications of establishing an efficient transit transport system significantly surpass the capacity of those countries. Priority 4 of the Programme mentions the participation of the global community in aiding landlocked developing countries to overcome their development challenges. Therefore, external financing resources complement the national efforts of such countries and play a key role in supporting their economic and social progress. Resources for investment in most landlocked developing countries are predominantly foreign, especially ODA, FDI and remittances.

73. Since the adoption of the Almaty Programme of Action, the development finance flows to landlocked developing countries have continued to increase over the years. ODA has increased from $16.5 billion to $22.6 billion from 2003 to 2012, while FDI has increased from $8.9 billion to about $35 billion during the same period.

74. While the international development financing landscape is changing, ODA flows still remain the main source of external financing for many landlocked developing countries, many of which rely heavily on concessional resources. ODA plays a critical role in meeting the development challenges faced by most of the landlocked developing countries. It is an important source of external finance and foreign exchange for many such countries that are unable to access financial resources on international capital markets.

75. As a response to the ongoing effects of the global economic crisis, fiscal austerity measures in major donors have led to a decline in ODA flows in 2011 and 2012, though ODA has increased in 2013. As a result of the initial decrease, ODA flows to landlocked developing countries fell by 15 per cent, from $26.5 billion in 2010 (in 2011 constant United States dollars) to $22.6 billion in 2012. These figures include ODA from traditional donors, multilateral donors and non-OECD Development Assistance Committee donors. Non-DAC donors accounted only for 2.5 per cent of total receipts in landlocked developing countries in 2011. Furthermore, almost two thirds of landlocked developing countries (20) experienced a real fall in their ODA receipts in 2011. This decrease in aid could threaten development expenditures in aid-dependent landlocked developing countries.

Figure II
Official development assistance to landlocked developing countries



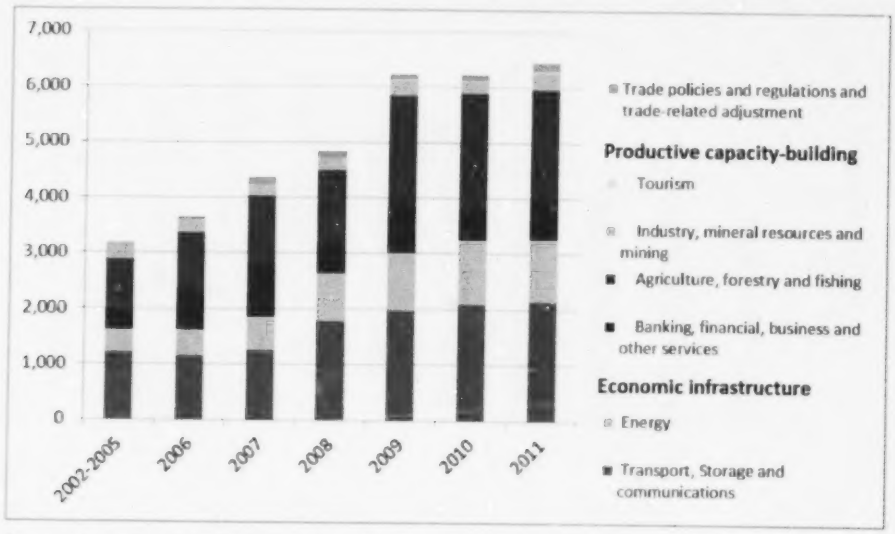
Source: Development Assistance Committee of the Organization for Economic Cooperation and Development statistics.

76. The WTO Aid for Trade initiative plays a key role in assisting landlocked developing countries' capacity-building on the formulation of trade policies; participation in trade negotiations and implementation of trade facilitation measures; development of trade-related infrastructure; and diversification of export products and strengthening of productive capacities, with a view to increasing competitiveness of their products in export markets. Aid for Trade, in combination with complementary policies, has contributed to lower trade costs, in the form of additional infrastructure, better border institutions and regulatory procedures and enhanced capacities. It also has the potential to ease the binding constraints that prevent landlocked developing countries from linking to or moving up value chains. Ultimately, Aid for Trade is essential for countries to make effective use of multilateral trading system.

77. Aid for Trade disbursements to landlocked developing countries reached $6.4 billion in 2011, a 70 per cent real increase since 2005. But while receipts from such countries almost doubled in real terms between the 2002-2005 baseline and 2009, they largely levelled off in 2010 and increased only marginally in 2011. Thirteen landlocked developing countries experienced declines in their receipts in 2011.

Figure III

Aid for Trade disbursements to landlocked developing countries by category



Source: Development Assistance Committee of the Organization for Economic Cooperation and Development statistics.

78. Beyond their obvious need for trade-related infrastructure, landlocked developing countries stand to reap substantial gains from other Aid for Trade priorities, such as building productive capacity and trade development. Given their reliance on multi-country transit corridors, they also should benefit from the call of the WTO Task Force on Aid for Trade for greater attention to regional, subregional and cross-border issues.

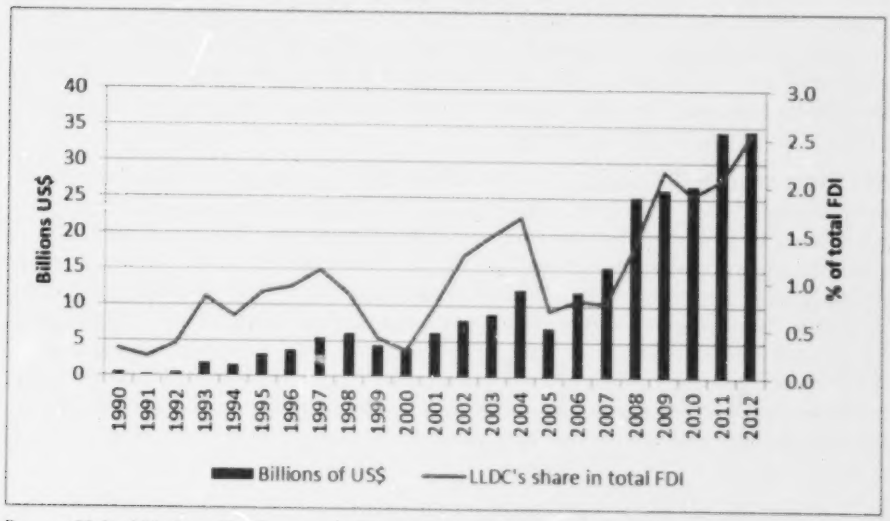
79. FDI represents a major proportion of private capital flows and is considered to be the most stable form of foreign capital. FDI has great potential to spur economic growth and development in landlocked developing countries, through employment creation and improved management techniques, transfer and spillovers of technology, knowledge and business processes, and non-debt-creating transfers of capital. FDI can also play a key role in providing infrastructure and building domestic productive capacities. In landlocked developing countries, FDI represents a major source of development financing and, since 2008, annual FDI inflows have surpassed ODA.

80. FDI inflows to landlocked developing countries reached $34.6 billion in 2012, up from just $8.9 billion in 2003. Inflows increased only marginally in 2012, but have jumped by almost 30 per cent since 2010. By contrast, global FDI flows declined by 18 per cent between 2011 and 2012, with the largest drop observed in flows to developed countries (over 30 per cent). Overall, landlocked developing countries managed to avoid a fall in their FDI inflows immediately following the global crisis, but their inflows largely stagnated during 2008-2010.

81. On a per capita basis, FDI to landlocked developing countries amounted to about $81 in 2012, more than three times the amount it was in 2003 and more than two and half times the amount that was recorded for least developed countries.

Nevertheless, landlocked developing countries still receive low levels of FDI in absolute terms. They accounted for only 4.4 per cent of total flows to developing and transition countries in 2012 and just 2.6 of global FDI flows.

Figure IV
Foreign direct investment inflows to landlocked developing countries



Source: United Nations Conference on Trade and Development, Stat database.

82. However, the majority of landlocked developing countries do not attract sufficient FDI to accelerate their economic development. Only $6.3 billion of the more than $30 billion of FDI inflows to landlocked developing countries went to those landlocked countries that are least developed. Just four landlocked developing countries receive more than 68 per cent of FDI. Furthermore, inflows to the 15 African landlocked developing countries represented just 19 per cent of the total in 2012, compared with 25 in 2010. These countries also in general receive the lowest FDI in terms of per capita and as percentage of GDP, in particular Burundi, Burkina Faso, Bhutan, Afghanistan and Nepal.

83. The debt burden of landlocked developing countries has declined substantially in the past decade, mainly as a result of the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative. Between 2003 and 2011, the external debt of landlocked developing countries, as a percentage of their gross national income, declined from 73 to 45 per cent. During the same time period, the debt burden rose in three landlocked developing countries. Debt servicing ratios have also declined in majority of landlocked developing countries. Twelve landlocked developing countries have received debt relief under the two initiatives. In total, as of the end of 2012, these eligible landlocked developing countries have received $20 billion in debt relief under the Heavily Indebted Poor Countries Initiative, with an additional $19 billion under the Multilateral Debt Relief Initiative. Debt relief under these initiatives has substantially alleviated debt burdens in landlocked developing countries. However, as the Heavily Indebted Poor Countries Initiative is nearly completed, it is important to extend some form of debt relief

assistance to those landlocked developing countries that are experiencing high debt burdens in order to prevent them from entering into unsustainable debt situations.

84. Preferential market access is an important means by which to facilitate export growth. While the special needs of landlocked developing countries have not been addressed explicitly in the WTO Doha Round of trade negotiations, developed and some developing countries have extended preferential market tariff treatment to exports from those countries, under the Generalized System of Preferences. African least developed landlocked developing countries benefit from other special schemes, including the European Union "Everything but arms" initiative for the least developed countries, and the African Growth and Opportunity Act of the United States of America for African exports.

85. Two main issues should be considered when assessing the effectiveness of market access preferences: the actual magnitude of the preference granted and the constraints to its full utilization. The magnitude of the preferences extended to a group of countries depends not only on the absolute level of the preference granted to the group, but also on the level of preferences extended to other groups of countries through non-reciprocal preferential schemes, such as the Generalized System of Preferences, free trade agreements or other similar arrangements. Additionally, preferences are eroded when further trade liberalization occurs in the importing market. Similarly, the utilization ratio of market access preferences is limited due to productive capacity challenges, non-tariff barriers and lack of competitiveness.

86. According to the World Bank, remittance flows to landlocked developing countries have grown rapidly from just $2.3 billion in 2001 to $22.3 billion in 2012, and are estimated to have increased further to $25.5 in 2013. In 2012, remittances to landlocked developing countries accounted for 5 per cent of total remittance flows to developing countries. This share has been gradually increasing, as remittance flows to such countries have been growing at a more rapid pace than total remittances. The average annual growth rate of remittance inflows to landlocked developing countries between 2001 and 2012 was 23 per cent.

87. Support from South-South and triangular cooperation has been increasing over the review period. For example, corporations from the global South, in particular from China and India, accounted for 41 per cent of FDI to landlocked developing countries in 2011. Developing countries accounted for 47 per cent of official infrastructure financing in sub-Saharan Africa between 2001 and 2008. Trade between landlocked developing countries and the global South has also deepened. While those countries once traded mostly with developed countries, this inclination has gradually shifted as they begin to view other developing countries as major trading partners. South-South trade as a share of world merchandise trade rose from 13 per cent in 2001 to 26.7 per cent in 2011, while North-North trade declined from about 46 per cent to less than 30 per cent over the same period.

88. The United Nations system and other relevant international organizations have been providing continuous assistance to landlocked developing countries through, inter alia, capacity-building programmes, advisory services, support towards transport infrastructure development and the promotion of legal instruments related to trade and transport facilitation. The Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States has coordinated activities in the United Nations system to ensure

the effective implementation of the Almaty Programme of Action. The Office has advocated for and raised international awareness on the special needs of landlocked developing countries in different forums, as well as the enhanced level of international support measures for landlocked developing countries. The Office successfully prepared reports on the implementation of the Programme and is currently leading the preparations of its 10-year review.

89. The United Nations regional commissions and subregional organizations assisted Member States in the implementation of the Almaty Programme of Action. The Economic Commission for Africa (ECA) has provided support to the African regional economic communities towards the implementation of the Programme in Africa. ECA provided technical assistance on trade facilitation to landlocked developing countries and transit countries. ECA, the African Union Commission, the African Development Bank (AfDB), the World Bank and the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States supported African countries in preparing an intergovernmental agreement to underpin the Trans-African Highway network.

90. The Economic Commission for Europe (ECE) promoted international transport and trade facilitation and the implementation of relevant ECE legal instruments, norms and standards, by undertaking specific initiatives under the Almaty Programme of Action and through technical assistance for customs reforms, customs transit systems and electronic trade. Trade tools created by ECE and its bodies, such as the United Nations Centre for Trade Facilitation and Electronic Business, offer many possibilities to improve the efficiency of trade, for example, the United Nations Layout Key for Trade Documents, codes and data element directories, the United Nations rules for Electronic Data Interchange for Administration, Commerce and Transport, recommendations and standards on single-window border posts and data harmonization, to improve trade information and document controls and help cope with inefficient trade procedures and other factors that impede trade. Another tool is the *Handbook of Best Practices at Border Crossings: A Trade and Transport Facilitation Perspective*, prepared in collaboration with the Organization for Security and Cooperation in Europe (OSCE).

91. The Economic and Social Commission for Asia and the Pacific (ESCAP), in cooperation with subregional organizations, has intensified technical support for facilitating international land transport by assisting in the effective implementation of subregional facilitation agreements among Member States. ESCAP provided capacity-building support to landlocked developing countries and transit countries for accession to and implementation of international conventions and formulation and implementation of subregional and bilateral agreements on transport. ESCAP has supported and coordinated regional connectivity through the development of the Intergovernmental Agreement on the Asian Highway Network, the Intergovernmental Agreement on the Trans-Asian Railway Network and the Intergovernmental Agreement on Dry Ports.

92. The Economic Commission for Latin America and the Caribbean (ECLAC) has provided technical support on the development of sustainable transport and logistics policies for countries in Latin America.

93. UNCTAD provided support to landlocked developing countries by raising awareness on the special challenges that such countries face and providing technical assistance. Since 2010, UNCTAD has dedicated a separate session to landlocked

developing countries in its annual *World Investment Report*, including an analysis of recent trends of foreign direct investment in landlocked developing countries. Furthermore, it facilitated the inclusion of the concerns of landlocked developing countries in the outcome documents of its thirteenth session and organized a special session on landlocked developing countries in the framework of the Global Services Forum, held in Beijing in May 2013. UNCTAD has provided advisory and capacity-building support to trade negotiators and policymakers from landlocked developing countries; technical assistance to landlocked developing countries acceding to WTO; and demand-based assistance on national services policy reviews to help landlocked developing countries draw maximum benefits from the services sector.

94. The United Nations Industrial Development Organization (UNIDO) provides technical assistance to landlocked developing countries with a focus on improving infrastructure and industrial capacity and reducing trade costs in order to increase the competitiveness of such countries in global markets. In cooperation with other United Nations and international organizations, UNIDO has developed an agriculture, agribusiness and agro-industries development initiative that focuses on the development of rural infrastructure, technology, land management and water technology systems and emphasizes the importance of increased private-public investments and partnerships among farmers and agribusiness in a value-chain approach.

95. The United Nations Development Programme (UNDP) plays an active role in providing international support to landlocked developing countries. As one of the six core partners of the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries, along with the International Monetary Fund, the World Bank, the International Trade Centre (ITC), WTO and UNCTAD, UNDP continues to provide trade capacity-development assistance geared towards accelerating the integration of the priorities of the Almaty Programme of Action into relevant areas of work in the 14 landlocked least developed countries. UNDP has also been providing strategic support and advice for the implementation of Aid for Trade road maps in landlocked developing countries in Europe and Asia. Several follow-up activities have been implemented at the national level, including measures aimed at strengthening the capacity of public administration authorities, establishing export promotion services aimed at farmers and increasing access to affordable finance for small and medium-sized enterprises.

96. ITC has been supporting capacity-building in landlocked developing countries in the area of trade facilitation, in particular on the simplification of cross-border procedures and processes. It has implemented projects such as national capacity-building in the implementation of the integrated framework in Chad, or the Southern African Development Community (SADC) supply chain and logistics programme in Malawi. In addition, it is building capacity with regard to improved trade information services and market research and analysis, as well as strengthening trade support institutions and the productive and export capacity of enterprises. ITC also provides assistance to landlocked developing countries on WTO accession and on the formulation and implementation of export strategies. ITC is collaborating with other agencies in the collection of official regulations and sharing the data on the newly revamped ITC market access map tool, which contains information on tariff and non-tariff measures.

97. The International Telecommunication Union (ITU) has been raising awareness of the poor state of telecommunications and encouraging landlocked developing countries to channel resources to their telecommunications sector with a view to ensuring easy access, bridging the digital divide and leveraging the power of information and communications technology and broadband as a driver for achieving the Millennium Development Goals. ITU has mainstreamed the Almaty Programme of Action in its resolutions by adopting, in 2012, a resolution on special measures for landlocked developing countries and small island developing States for access to international optical fibre networks. ITU has developed several platforms and tools for sharing data, analyses and information on key regulatory issues, in addition to best practices with regard to electronic business, electronic governance, electronic banking, electronic commerce and electronic trading, in order to enable landlocked developing countries to use information and communications technology as a catalyst in trade.

98. The World Bank has been extending finance for projects in landlocked developing countries and transit countries in the areas including customs reforms and infrastructure development that address the specific capacity constraints related to being landlocked. From 2003 to 2013, the World Bank funded at least 10 projects annually that addressed infrastructure development, trade facilitation and logistics. During the financial and economic crises, lending to landlocked developing countries peaked at around $3 billion in 2009, though this level of lending has recently decreased, standing at around $2 billion in 2012. The Trade Facilitation Facility, a $40 million multi-donor trust fund created in 2009, has been designed to build capacities to speed up the implementation of trade and transport facilitation projects and reforms in low-income countries, especially targeting the needs of landlocked developing countries. Ongoing projects include supporting corridor countries in Africa and Asia, supporting the Government of the Republic of Moldova in its efforts to improve transport and logistics performance and the project to facilitate transport and transit within the Central African Economic and Monetary Community to improve roads and railway infrastructure, investment in transit and transport facilitation and institutional strengthening and capacity-building for the customs and transport sectors.

99. The consensus by WTO members on the Agreement on Trade Facilitation will bring specific benefits to landlocked developing countries by way of easing cumbersome border and customs procedures, lowering transit and transaction costs, increasing predictability and expediting the movement, release and clearance of goods. The WTO secretariat, in cooperation with other international organizations, continues to provide technical assistance to WTO members in the areas of transport and trade facilitation and capacity-building. Furthermore, WTO continues to advocate the mobilization of Aid for Trade financing, highlight the needs of its members and observers and showcase effective implementation.

100. The World Customs Organization contributes to trade facilitation by setting standards and developing tools and instruments and providing technical assistance for their implementation. The Organization launched an economic competitiveness package to support members in increasing economic growth and competitiveness through the smooth movement of goods, conveyances and people across borders. The Organization has been continuing its customs capacity-building activities, in particular through its Columbus Programme, benefiting over 20 landlocked developing countries, which aims at the full implementation of the SAFE

Framework of Standards to Secure and Facilitate Global Trade, as well as other international best practices in the area of customs administration. The Organization also regularly organizes capacity-building workshops and missions for the streamlining of customs procedures and trade facilitation, benefiting landlocked developing countries in Africa, Asia and Europe.

101. The International Road Transport Union has continued to facilitate the development of international road transport through multilateral regional instruments in Europe and Asia. The Union promotes countries to join the TIR system, an international harmonized system of customs control that facilitates trade and transport while effectively protecting the revenue of each country through which goods are carried, and has collaborated in the removal of landmines and explosive remnants of war on or adjacent to roads. In cooperation with the World Customs Organization, it is promoting training of customs officers on the TIR system in various languages. The Union's academy continues to focus on landlocked developing countries and, in partnership with six of its regional partners, has launched a project on the design and implementation of a driver training programme. It is promoting the Model Highway Initiative, which aims to create an exemplary section of motorway of up to 2,000 km in length using best practices.

102. OSCE, in collaboration with its partners, undertook capacity-building activities that include training on issues covered by the OSCE-ECE handbook (see para. 90), training on the implementation of an authorized economic operator programme and the use of information and communications technology and non-intrusive inspection methods that have benefitted landlocked developing countries in Central Asia, and a round table on the role of best practices at border crossings in the implementation of the International Convention on the Harmonization of Frontier Controls of Goods.

103. ADB has provided substantive support to developing member countries of the Central Asia Regional Economic Cooperation Programme, particularly in the areas of transport and trade facilitation. ADB has financed several projects on transport, trade facilitation and energy, in Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Mongolia. In the framework of South Asian regional cooperation, ADB is supporting transport and trade facilitation through the South Asia Subregional Economic Cooperation and its South Asia Regional Cooperation Strategy 2011-2015. The ADB South Asia Subregional Economic Cooperation provides trade facilitation support aimed at increasing trade, including intraregional trade of countries in the Cooperation, by reducing or removing non-tariff barriers, specifically institutional, administrative and technical barriers, to trade in Bangladesh, Bhutan and Nepal. In Bhutan and Nepal, ADB has provided support for the road, rail and air infrastructures. In the Greater Mekong Subregion, it has been involved in several projects, in particular in the Lao People's Democratic Republic, with the implementation of a comprehensive programme of action for transport and trade facilitation, adopted by the Greater Mekong Subregion member countries in 2010. In 2011, transport was the largest sector of ADB, with $3.5 billion in loans, $55 million in technical assistance and $366 million in grant funding.

104. In Africa, AfDB continues to make important contributions to the growth of regional infrastructure. Since 2009, it has financed more than 70 multinational operations that include the construction and rehabilitation of cross-border roads and cross-border transmission lines, valued at more than $3.8 billion.

105. In Latin America and the Caribbean, the Inter-American Development Bank (IADB) has provided $5.4 billion towards infrastructure and natural resource projects over the period 2007-2011.

IV. Conclusions and recommendations

106. Being landlocked imposes a major constraint to economic growth and the attainment of the development objectives. Since its adoption, tangible progress has been registered in the implementation of the Almaty Programme of Action, which has contributed to creating awareness about the challenges faced by landlocked developing countries globally. There has been an increased visibility and recognition of such countries and their special needs at the international level and at the United Nations. Global support for landlocked developing countries in the areas of financial and technical assistance has increased over the period.

107. Some notable achievements have also been made in implementing the priority areas of the Almaty Programme of Action. In the past 10 years, landlocked developing countries have registered faster economic growth and increased trade. However, progress has been uneven and is not shared by all equally. Landlocked developing countries remain fragile because of their vulnerability to external shocks, given their limited export diversification, limited productive capacities, lack of export competitiveness and high transport and transit costs. Furthermore, during the review period, those countries' value addition from manufacturing and agriculture has declined and their export concentration ratios have increased dramatically.

108. In the light of the progress made and the challenges that landlocked developing countries still face, Member States may wish, inter alia, to consider the below recommendations.

109. The Almaty Programme of Action was designed largely as a sectoral programme, with a strong emphasis on infrastructure and transit. It did not address other growth and trade-determining factors, such as value addition, economic diversification, industrialization, job creation and resilience-building measures to deal with external shocks and climate change challenges. The coming development decade will need to address the special needs of landlocked developing countries in a holistic manner in order to ensure they can structurally transform their economies and achieve sustainable development and thus overcome the negative effects that their geographic constraints have on the livelihoods of people.

110. Landlocked and transit developing countries are invited to ratify and effectively implement international conventions and agreements and regional and subregional agreements on transport and trade facilitation. The international community should provide financial and technical support to landlocked and transit developing countries to implement international conventions and agreements relating to transit facilitation and support initiatives that promote transit cooperation, reduce transit costs and establish smooth logistic arrangements. They should ensure that transit transport services are operated efficiently and smoothly, without undue delays or costs to imports and exports for landlocked developing countries.

111. Landlocked developing countries and transit developing countries should strengthen effective cooperation by developing and harmonizing relevant policies, implementing them effectively through stronger follow-up and monitoring

mechanisms and prioritizing resource allocations for the development, maintenance and rehabilitation of transit transport infrastructure. They should encourage the effective participation of the private sector to improve transit facilitation. The international community should increase financial support to transit transport infrastructure, energy and information and communications technology infrastructure and trade facilitation projects in landlocked and transit developing countries so as to enhance intraregional connectivity, complete missing links and ensure the proper functioning of strategic sea corridors.

112. The international community should provide greater market access for goods originating in landlocked developing countries to mitigate high trade transaction costs stemming from their geographical disadvantages. All WTO members should ratify the WTO Agreement on Trade Facilitation and bring it into force in 2015 and implement it as per its provisions. Increased technical assistance should be extended to landlocked developing countries to ensure their effective implementation of the Agreement and in implementing relevant trade facilitation measures. Trade facilitation initiatives that have proved to work, such as one-stop border post, dry ports, the yellow card system, the use of information and communications technologies for customs clearance and the use of single-window border posts, should be replicated and fully funded in landlocked developing countries and transit countries. There is also a need to develop a networking mechanism aimed at promoting the exchange of experiences and dissemination of information to all the relevant stakeholders.

113. Landlocked developing countries should integrate trade policies into national development strategies to better harness the development benefits from international trade. They should develop their productive capacities, add value to their exports, and improve their competitiveness. Development partners should consider providing an enhanced level of financial and technical assistance aimed at supporting landlocked developing countries' efforts to diversify their exports, including through support to develop and strengthen their productive capacities, integration into the global and regional value chains and capacity-building in developing relevant policies. The international community should increase their support towards the Aid for Trade initiative, as it is providing crucial support to help landlocked developing countries implement international agreements, strategically strengthen their productive capacities, develop their infrastructure and enhance competitiveness in the global markets.

114. Landlocked developing countries should consider designing and implementing active industrial policies to promote the diversification and structural transformation of their economies and exports, increase agricultural productivity and the services sector, strengthen the role of the private sector and promote science, technology and innovation. The international community should provide an enhanced level of financial and technical support to landlocked developing countries for the development of their productive capacities and for sustainable and inclusive industrialization. They should also promote a greater allocation of their assistance to the productive sectors and take promotional measures to encourage private-sector investment in landlocked developing countries, increased agricultural productivity, technology transfers and assistance in expanding the services sector.

115. Regional integration is important for the greater integration of the landlocked developing countries in the global market. The landlocked developing countries

should promote regional integration by strengthening regional trade, transport, communication and energy networks. They should also promote the harmonization of regional policies to strengthen regional synergy, competitiveness and regional value chains. The transit developing countries should contribute to deepening regional integration through a coherent development of regional infrastructure, trade facilitation measures and regional trade agreements, including the establishment of effective and efficient customs guarantee systems, with a view to providing special preferences to landlocked developing countries in overcoming their geographic constraints. Development partners should extend financial and technical support for efforts made by landlocked developing and their transit partners in deepening regional integration, through an enhanced level of support for the implementation of key regional transport projects and regional transport agreements aimed at facilitating the cross-border movement of goods and passengers. Support for the ongoing regional integration processes in regions with landlocked developing countries should be enhanced. Those processes should create a framework in which to share the best practices for promoting regional integration on a regular basis.

116. ODA remains the major source of investment in infrastructure development in landlocked developing countries. Donor countries and financial and development institutions, in particular the World Bank, ADB, AfDB and IADB, are invited to provide greater financial resources to transit transport infrastructure projects in landlocked and transit developing countries. Special attention should be given to landlocked developing countries in the context of the Aid for Trade initiative.

117. South-South and triangular cooperation should be strengthened in the area of transit transport cooperation, the development of productive capacity and preferential market access for products of landlocked developing countries. Those countries should promote an enabling environment to attract FDI and private-sector involvement. FDI home countries are encouraged to facilitate increased FDI towards landlocked developing countries in the areas of their national priorities, in particular for transport infrastructure development, trade facilitation, technology transfer, productive sector development and value addition. They are also encouraged to provide technical cooperation and capacity-building support for landlocked developing countries to enhance negotiation skills for bringing in responsible investment and impact investing. Landlocked developing countries should also enhance their domestic resource mobilization by building their economic base, reforming and consolidating tax administration and promoting transparency, good governance and institutional development.

118. The international community should provide support to the landlocked developing countries to help them strengthen their capacity for climate change mitigation and adaptation and build resilience to external shocks.

119. While there was some integration of the Almaty Programme of Action into national development strategies of landlocked developing countries, there is a need for better integration of the successor programme into development strategies at the national, regional and global levels. The prospects and challenges of landlocked developing countries should be integrated into the programmes of the development partners, in particular in their aid, trade and development strategies. It is crucial that the interests of landlocked developing countries be clearly reflected in the post-2015 development agenda for its successful implementation and coherence with the global process.

Annex

Statistical tables

Table 1
Gross domestic product and rate of growth

Landlocked developing countries	*Estimates at constant 2005 prices (millions of United States dollars)*			*Per capita (constant 2005 United States dollars)*		*Average annual rate of growth (percentage)*		
	2003	*2007*	*2012*	*2003*	*2012*	*2003*	*2007*	*2012*
Afghanistan	5 887	8 392	11 973	242	417	8.4	13.7	14.4
Armenia	3 896	6 310	6 640	1 283	2 237	14.0	13.7	7.2
Azerbaijan	9 474	22 346	28 405	1 155	3 115	11.2	25.0	2.2
Bhutan	722	1 032	1 463	1 171	2 061	7.7	17.9	9.4
Bolivia (Plurinational State of)	8 778	10 464	13 223	974	1 260	2.7	4.6	5.2
Botswana	9 248	11 653	13 328	5 046	6 684	4.6	8.7	4.2
Burkina Faso	4 812	6 043	7 969	380	493	7.8	3.6	9.5
Burundi	1 080	1 253	2 083	145	153	-1.2	4.8	4.0
Central African Republic	1 283	1 453	1 668	330	472	-5.4	8.1	6.9
Chad	4 072	5 892	7 738	455	738	14.7	3.3	8.9
Ethiopia	9 578	15 026	24 583	133	269	-2.2	11.5	8.7
Kazakhstan	47 931	69 256	87 463	3 187	5 193	9.3	8.9	5.0
Kyrgyzstan	2 303	2 753	3 209	457	572	7.0	8.5	-0.9
Lao People's Democratic Republic	2 378	3 183	4 650	427	707	6.1	7.6	8.2
Lesotho	1 302	1 495	1 905	686	929	4.7	4.7	4.0
Malawi	2 848	3 908	4 618	209	220	5.5	9.5	1.9
Mali	5 055	6 023	7 094	436	480	7.4	4.3	-0.4
Republic of Moldova	2 589	3 225	3 710	716	1 038	6.6	3.1	-0.8
Mongolia	2 127	3 020	4 557	862	1 630	7.0	10.2	12.3
Nepal	7 650	8 858	11 168	306	399	3.9	3.4	4.9
Niger	3 162	3 676	4 914	266	290	5.3	3.1	10.8
Paraguay	8 219	9 651	11 492	1 446	1 718	4.3	5.4	-1.2
Rwanda	2 196	3 035	4 491	243	390	1.5	7.6	8.0
South Sudan	..	..	5 023	..	928	..	..	53.0

Landlocked developing countries	Estimates at constant 2005 prices (millions of United States dollars) 2003	2007	2012	Per capita (constant 2005 United States dollars) 2003	2012	Average annual rate of growth (percentage) 2003	2007	2012
Swaziland	2 451	2 763	2 911	2 253	2 341	2.2	3.5	-1.5
Tajikistan	1 965	2 656	3 486	301	459	11.0	8.0	7.3
The former Yugoslav Republic of Macedonia	5 483	6 675	7 322	2 635	3 478	2.8	6.1	-0.3
Turkmenistan	11 880	17 369	28 434	1 469	3 270	3.3	11.1	11.7
Uganda	8 626	11 614	15 709	296	405	6.5	8.4	3.4
Uzbekistan	12 492	16 914	25 143	486	846	4.2	9.5	8.2
Zambia	6 465	8 098	11 236	593	798	5.1	6.2	7.2
Zimbabwe	6 732	5 801	8 179	511	431	-17.0	-3.7	4.4
Average	**202 686**	**279 836**	**375 790**	**939**	**1 433**	**5.2**	**9.5**	**5.7**
Transit countries	**5 269 752**	**7 362 090**	**10 043 620**	**1 796**	**2 442**	**6.9**	**9.9**	**5.4**

Source: Statistics Division.

Table 2
Official development assistance receipts

Landlocked developing countries	Net official development assistance receipts (millions of United States dollars, 2011 constant prices) 2003	2010	2012	Official development assistance/gross national income (percentage) 2012	Aid for Trade Disbursements (millions of United States dollars, 2011 constant prices) 2007	2012
Afghanistan	2 164	6 743	6 094	32.8	958	1 504
Armenia	337	362	303	2.6	95	112
Azerbaijan	400	166	394	0.6	88	250
Bhutan	110	141	162	9.6	30	84
Bolivia (Plurinational State of)	1 263	719	615	2.6	146	210
Botswana	37	163	86	0.5	15	15
Burkina Faso	760	1 134	1 040	10.8	264	291
Burundi	316	673	455	21.2	100	167
Central African Republic	71	280	158	10.4	30	56
Chad	352	514	214	3.9	35	45

Landlocked developing countries	*Net official development assistance receipts (millions of United States dollars, 2011 constant prices)*			*Official development assistance/gross national income (percentage)*	*Aid for Trade Disbursements (millions of United States dollars, 2011 constant prices)*	
	2005	*2010*	*2012*	*2012*	*2007*	*2012*
Ethiopia	2 120	3 723	2 501	7.8	522	594
Kazakhstan	385	231	168	0.1	111	37
Kyrgyzstan	268	398	505	7.8	56	122
Lao People's Democratic Republic	422	448	451	4.6	150	162
Lesotho	106	270	293	10.3	19	19
Malawi	703	1 090	155	1.6	122	74
Mali	779	1 157	1 021	28.4	323	319
Republic of Moldova	160	501	683	10.2	46	186
Mongolia	344	322	406	6.1	72	191
Nepal	642	880	473	4.7	127	267
Niger	670	792	832	4.0	103	124
Paraguay	69	110	534	13.5	28	57
Rwanda	458	1 097	162	0.4	99	195
Swaziland	55	97	835	12.5	11	25
Tajikistan	201	465	85	2.6	53	132
The former Yugoslav Republic of Macedonia	362	198	387	5.2	46	74
Turkmenistan	38	46	40	0.1	1	5
Uganda	1 347	1 827	1 538	8.5	539	381
Uzbekistan	243	244	273	0.5	28	99
Zambia	1 059	970	941	4.9	118	139
Zimbabwe	248	782	803	10.6	20	86
Landlocked developing countries	**16 489**	**26 544**	**22 609**	**3.8**	**4 355**	**5 951**

Source: Organization for Economic Cooperation and Development.

Table 3

External debt, debt service and debt relief under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative

	Total external debt stock (percentage of gross national income)			*Total debt service (percentage of exports of goods, services and income)*			*Debt relief under HIPC (millions of United States dollars)*	*Debt relief under MDRI (millions of United States dollars)*
	2003	*2010*	*2011*	*2003*	*2010*	*2011*	*2012*	*2012*
Afghanistan		16.0			0.2		1 280	39
Armenia	68.7	64.3	68.3	11.0	33.4	25.4		
Azerbaijan	28.4	14.6	14.9	7.1	1.4	4.9		
Bhutan	83.9	63.9	65.0		13.5	11.1		
Bolivia (Plurinational State of)	75.3	32.2	27.6	21.4	9.6	4.9	2 060	2 829
Botswana	7.1	12.2	13.8	1.2	1.4			
Burkina Faso	40.9	24.7	23.8	12.0	2.5		930	1 230
Burundi	173.5	31.6	26.9	64.2	2.1	3.4	1 366	108
Central African Republic	96.0	29.3	26.5				804	306
Chad	67.6	23.1	21.4				260	
Ethiopia	86.1	24.8	27.2	7.3	3.9	6.1	3 275	3 309
Kazakhstan	79.9	91.9	77.9	34.8	58.3	34.6		
Kyrgyzstan	115.7			21.9	22.3	12.0		
Lao People's Democratic Republic	122.4	84.2	80.3	21.9	13.2	11.5		
Lesotho	58.9	28.7	27.1	5.5	2.1	2.0		
Malawi	130.6	21.1	22.3	6.7	1.7	1.3	1 628	1 596
Mali	73.2	27.4	29.1	6.6	2.5		895	2 009
Republic of Moldova	95.4	76.4	72.0	11.5	14.4	12.8		
Mongolia	97.5	44.4	32.7	34.1	5.0	2.1		
Nepal	50.2	23.5	20.8	10.2	10.5	9.5		
Niger	78.7	23.6	23.7	8.7	2.0		1 190	1 074
Paraguay	58.6	28.3	25.7	12.3	4.5	3.6		
Rwanda	85.7	16.4	17.5	15.3	2.4	2.1	1 316	519
Swaziland	20.8	19.9	15.5	1.3	1.9			
Tajikistan	86.7	55.3	51.6	8.4	85.0	49.1		100

	Total external debt stock (percentage of gross national income)			Total debt service (percentage of exports of goods, services and income)			Debt relief under HIPC (millions of United States dollars)	Debt relief under MDRI (millions of United States dollars)
	2003	2010	2011	2003	2010	2011	2012	2012
The former Yugoslav Republic of Macedonia	40.3	66.4	62.8	13.5	17.1	18.9		
Turkmenistan	31.3	2.9	2.0					
Uganda	73.4	19.3	23.5	9.8	1.8	1.7	1 950	3 524
Uzbekistan	53.0	19.1	17.8					
Zambia	162.5	30.8	24.7	43.5	1.9	2.1	3 900	2 770
Zimbabwe	81.2	80.6	64.8					
Landlocked developing countries	**65.7**	**44.5**	**39.9**	**23.1**	**27.5**	**20.9**	**20 854**	**19 413**

Source: World Bank and Statistics Division.

Table 4
International merchandise trade, exports and imports

	Merchandise trade							
	Total exports (millions of United States dollars)			Total imports (millions of United States dollars)			Trade Share of GDP (%)	
	2003	2011	2012	2003	2011	2012	2003	2012
Afghanistan	144	376	429	–	3 906	3 676	138	45
Armenia	686	1 334	1 380	903	2 377	2 480	82	74
Azerbaijan	2 592	34 495	32 634	3 057	37 227	36 915	108	79
Bhutan	133	675	554	133	747	697	70	87
Bolivia (Plurinational State of)	1 597	8 358	11 233	1 962	9 133	12 196	52	85
Botswana	2 810	5 882	5 971	3 668	6 964	6 285	86	95
Burkina Faso	321	2 352	2 183	366	2 601	2 744	31	50
Burundi	38	123	134	45	236	228	27	46
Central African Republic	128	190	200	154	265	252	36	33
Chad	601	4 800	4 600	667	4 887	4 711	83	69
Ethiopia	496	2 875	2 891	1 258	5 815	5 994	41	46

	Merchandise trade							
	Total exports (millions of United States dollars)			Total imports (millions of United States dollars)			Trade Share of GDP (%)	
	2003	2011	2012	2003	2011	2012	2003	2012
Kazakhstan	12 927	84 336	86 449	14 945	91 991	97 030	91	78
Kyrgyzstan	582	1 972	1 894	749	3 411	3 151	84	149
Lao People's Democratic Republic	335	2 216	2 269	463	2 404	2 848	67	85
Lesotho	476	1 172	972	588	1 226	1 041	199	155
Malawi	525	1 425	1 184	619	1 629	1 394	93	129
Mali	928	2 374	2 610	1 152	2 770	3 086	67	69
Mongolia	616	4 818	4 385	835	5 439	5 346	64	62
Nepal	662	919	911	1 075	1 862	1 929	141	128
Niger	352	1 250	1 500	415	1 393	1 605	120	128
Paraguay	2 585	7 763	7 270	2 744	13 386	12 743	44	43
Republic of Moldova	790	2 217	2 162	1 055	3 159	3 164	40	68
Rwanda	63	464	591	140	913	1 016	94	94
Swaziland	1 638	1 910	1 930	1 872	2 205	2 168	32	47
Tajikistan	797	1 257	1 358	995	1 157	1 644	203	141
The former Yugoslav Republic of Macedonia	1 367	4 478	4 002	1 737	5 571	5 042	137	83
Turkmenistan	3 632	13 000	16 500	–	–	–	119	118
Uganda	532	2 159	2 357	834	4 240	4 732	37	58
Uzbekistan	3 189	13 254	11 210	3 725	15 027	12 338	68	58
Zambia	980	9 001	9 372	1 252	9 035	9 881	70	83
Zimbabwe	1 670	3 512	3 882	2 172	3 556	–	70	120
Landlocked developing countries	**44 190**	**220 959**	**225 019**	**49 362**	**262 476**	**270 158**	**80**	**78**

Source: United Nations Conference on Trade and Development.
Note: Data for South Sudan is unavailable.

Table 5
Trading across borders — 2013

	Number of documents required for export		*Cost to export a container (United States dollars)*		*Transit time for export (days)*		*Cost to import a container (United States dollars)*		*Transit time for import (days)*	
	2005	*2013*	*2005*	*2013*	*2005*	*2013*	*2005*	*2013*	*2005*	*2013*
Afghanistan	10	10	2 180	4 645	67	67	2 100	5 180	80	85
Armenia	6	5	1 670	1 885	37	37	1 860	2 175	37	18
Azerbaijan	9	9	3 155	3 540	34	34	2 945	3 560	36	25
Bhutan	9	9	1 150	2 230	38	38	1 780	2 330	38	38
Bolivia (Plurinational State of)	7	7	1 425	1 440	24	24	1 452	1 745	36	24
Botswana	6	6	2 088	3 045	33	33	2 595	3 610	43	35
Burkina Faso	11	10	2 226	2 455	45	45	3 722	4 430	54	49
Burundi	9	9	2 287	2 905	47	47	4 035	4 420	71	46
Central African Republic	8	9	4 581	5 490	57	57	4 534	5 555	66	55
Chad	7	8	4 867	6 615	78	78	5 715	9 025	102	98
Ethiopia	7	7	2 037	2 180	47	47	2 790	2 760	41	44
Kazakhstan	11	10	2 730	4 885	89	89	2 780	4 865	76	69
Kyrgyzstan	15	9	2 500	4 360	64	64	2 450	5 150	75	75
Lao People's Democratic Republic	12	10	1 420	1 950	55	55	1 690	1 910	65	26
Lesotho	8	7	1 188	1 695	44	44	1 210	1 945	49	33
Malawi	7	6	1 130	1 376	17	17	1 130	1 380	15	11
Mali	11	10	1 623	2 175	45	45	2 500	2 870	54	43
Mongolia	7	6	1 752	2 440	44	44	2 740	4 405	66	32
Nepal	7	7	1 415	1 545	32	32	1 740	1 870	35	35
Niger	11	11	1 807	2 745	49	49	2 274	2 950	49	50
Paraguay	11	11	1 600	2 295	43	43	1 725	2 400	35	39
Republic of Moldova	8	8	2 743	4 475	59	59	2 946	4 500	66	62
Rwanda	7	7	1 220	1 850	36	36	1 400	2 275	33	30
Swaziland	13	7	3 840	3 245	60	60	4 000	4 990	95	30
Tajikistan	8	7	1 798	1 880	21	21	1 820	2 145	30	23
The former Yugoslav Republic of Macedonia	12	12	3 200	8 650	71	71	4 500	10 250	65	72
Turkmenistan	..	..	..	..	..	..	..	..	..	..

	Number of documents required for export		Cost to export a container (United States dollars)		Transit time for export (days)		Cost to import a container (United States dollars)		Transit time for import (days)	
	2005	2013	2005	2013	2005	2013	2005	2013	2005	2013
Uganda	12	7	1 050	2 800	38	38	2 945	3 375	64	33
Uzbekistan	13	12	3 685	4 785	86	86	4 050	5 235	104	95
Zambia	7	7	2 098	2 765	53	53	2 840	3 560	59	49
Zimbabwe	7	7	1 879	3 765	52	52	2 420	5 660	67	71
Average landlocked developing countries	**9.2**	**8.3**	**2 211**	**3 204**	**49**	**42**	**2 690**	**3 884**	**57**	**47**
Average transit countries	**8.2**	**7.6**	**1 015**	**1 268**	**30**	**22**	**1 183**	**1 434**	**29**	**27**

Source: World Bank.
Note: Data for South Sudan is unavailable.

Table 6
Selected transport indicators

	Roads									
	Kilometres	Per cent paved	Railways (km)		Waterways (km)	Pipelines (km)		Air transport departures (thousand)		Air transport, freight[a] (million ton-km)
	2000/08	2011	2000/09	2013	2007/11	2006	2013	2000	2013	2003	2013
Afghanistan	42 150	36	..		1 200	466	466	3.4	11.8	..	84.62
Armenia	7 515	90	845	826	..	2 233	2 233	4	6.0	5.03	0.47
Azerbaijan	59 141	56	2 099	2 068	..	4 785	6 425	4.4	15.8	67.11	17.92
Bhutan	8 050	34	..		..	..	..	1.1	4.0	0.21	0.64
Bolivia (Plurinational State of)	62 479	12	2 866	3 652	10 000	8 994	9 646	21.6	38.3	24.52	8.02
Botswana	25 798	33	888	888	..	..	..	6.7	9.2	0.28	0.14
Burkina Faso	92 495	20	622	622	..	..	..	3.4	3.2	0.00	0.06
Burundi	12 322	10	..		Lake Tanganyika	..	..	..		..	..
Central African Republic	24 307	6.8	..		2 800	..	..	1.5		..	..
Chad	40 000	1	..		seasonal	250	582	1.5	0.1	..	0.46
Ethiopia	42 429	14	..		..	..	..	26.6	65.9	93.47	791.31
Kazakhstan	93 123	90	14 205	14 319	4 000	24 740	26 963	8.0	55.0	20.80	66.92

	Roads										
	Kilometres	Per cent paved	Railways (km)		Waterways (km)	Pipelines (km)		Air transport departures (thousand)		Air transport, freight[a] (million ton-km)	
	2000-08	2011	2000-09	2013	2007-11	2006	2013	2000	2013	2003	2013
Kyrgyzstan	34 000	91	417	417	600	270	496	6.1	7.7	4.85	0.59
Lao People's Democratic Republic	29 811	14	..		4 600	540	540	6.4	19.6	1.91	1.41
Lesotho	5 940	18	..		..	..	..	..	..	..	..
Malawi	15 451	45	797	797	700	..	..	4.8	1.6	1.18	0.01
Mali	18 709	25	734	593	1 800	..	..	1.5	2.8	..	1.19
Mongolia	49 250	4	1 810	1 818	580 (seasonal)	..	..	6.2	8.9	0.54	0.83
Nepal	17 280	54	59	59	..	..	..	12.1	28.9	7.58	10.21
Niger	18 951	21	..		300 (seasonal)	..	..	1.5	1.0	5.75	5.76
Paraguay	29 500	16	36[c]	36	3 100	..	..	7.6	6.4	..	1.08
Republic of Moldova	12 755	86	1 156	1 157	424	1 906	1 906	3.7	7.5	0.00	0.00
Rwanda	14 008	19	..		Lac Kivu (shallow)	..	..	..	10.8	..	20.00
Swaziland	3 594	30	300	300	..	..	..	2.6		..	..
Tajikistan	27 767	..	616	621	200	587	587	4.0	6.2	3.80	1.87
The former Yugoslav Republic of Macedonia	13 840	58	699	699	..	388	388	8.0		0.14	..
Turkmenistan	24 000	81	3 181	4 980	1 300	7 864	9 001	21.9	1.4	13.56	2.77
Uganda	70 746	23	261	2 244	lakes	..	..	0.3	8.1	23.41	0.86
Uzbekistan	81 600	87	4 230	4 280	1 100	10 574	11 345	30.1	23.7	70.98	107.25
Zambia	66 781	22	1 273	2 157	2 250	771	771	6.1	7.6	0.03	0.00
Zimbabwe	97 267	19	2 583	3 427	Lake Kariba	270	270	13.6	11.3	18.49	32.68
Landlocked developing countries	**1 141 059**	**37**	**34 192**	**45 960**		**63 002**	**73 632**	**221.6**	**362.8**	**363.63**	**1 157.08**

Source: World Bank, *World Development Indicators 2014* (Washington, D.C., 2014) and United States Central Intelligence Agency.

Note: Data for South Sudan is not available.

[a] Air freight is the volume of freight carried on each flight stage measured in metric tons times kilometres travelled.

Table 7
Selected telecommunication indicators

	Telephone lines and cellular subscribers per 100 population								
	Main lines			*Cellular*			*Internet users per 100 population*		
Landlocked developing countries	*2003*	*2007*	*2012*	*2003*	*2007*	*2012*	*2003*	*2007*	*2012*
Afghanistan	0.2	..	0.0	0.9	17.7	60.4	0.1	1.9	5.5
Armenia	18.6	20.9	19.7	3.8	62.8	111.9	4.6	6.0	39.2
Azerbaijan	11.2	14.3	18.5	12.6	51.5	108.8	..	14.5	54.2
Bhutan	3.8	4.4	3.6	0.4	22.0	75.6	2.4	5.9	25.4
Bolivia (Plurinational State of)	6.8	7.0	8.4	14.2	33.6	90.4	3.5	10.5	34.2
Botswana	7.2	7.2	8.0	24.3	60.1	153.8	3.3	5.3	11.5
Burkina Faso	0.5	0.8	0.9	1.9	13.1	60.6	0.4	0.8	3.7
Burundi	0.3	0.3	0.2	0.9	3.2	22.8	0.2	0.7	1.2
Central African Republic	0.2	..	0.0	1.0	8.3	25.3	0.2	0.4	3.0
Chad	0.1	0.3	0.2	0.7	8.6	35.4	0.3	0.8	2.1
Ethiopia	0.6	1.1	0.9	0.1	1.5	22.4	0.1	0.4	1.5
Kazakhstan	15.1	21.0	26.8	9.0	80.0	185.8	2.0	4.0	53.3
Kyrgyzstan	7.9	9.4	8.9	2.8	42.2	124.2	3.9	14.0	21.7
Lao People's Democratic Republic	1.2	1.6	1.8	2.0	24.6	64.7	0.3	1.6	10.7
Lesotho	1.8	2.4	2.5	6.6	24.7	75.3	1.5	3.4	4.6
Malawi	0.7	1.3	1.4	1.1	7.7	29.2	0.3	1.0	4.4
Mali	0.5	0.6	0.8	2.2	19.9	98.4	0.3	0.8	2.2
Republic of Moldova	20.3	29.4	34.3	12.2	51.3	102.0	7.4	20.5	43.4
Mongolia	5.6	7.1	6.3	12.9	46.0	120.7	..	9.0	16.4
Nepal	1.5	2.7	3.0	0.3	12.6	59.6	0.4	1.4	11.1
Niger	0.2	0.3	0.6	0.7	6.3	31.4	0.2	0.4	1.4
Paraguay	4.9	6.4	6.1	31.2	76.6	101.6	2.1	11.2	27.1
Rwanda	0.3	0.2	0.4	1.4	6.4	49.7	0.4	2.1	8.0
Swaziland	4.2	4.0	3.7	7.8	33.5	65.4	2.4	4.1	20.8
Tajikistan	3.8	4.1	4.9	0.7	30.0	81.5	0.1	7.2	14.5
The former Yugoslav Republic of Macedonia	25.2	22.1	19.4	37.3	85.6	106.2	19.1	36.3	63.1
Turkmenistan	8.1	9.4	11.1	0.2	7.9	76.4	0.4	1.4	7.2

Landlocked developing countries	Telephone lines and cellular subscribers per 100 population						Internet users per 100 population		
	Main lines			Cellular					
	2003	2007	2012	2003	2007	2012	2003	2007	2012
Uganda	0.2	0.5	0.9	2.9	13.7	45.0	0.5	3.7	14.7
Uzbekistan	6.7	6.8	6.9	1.3	21.3	71.0	1.9	7.5	36.5
Zambia	0.8	0.8	0.6	2.2	21.8	74.8	1.0	4.9	13.5
Zimbabwe	2.4	2.7	2.2	2.9	9.6	91.9	6.4	10.9	17.1
Average landlocked developing countries	**3.0**	**3.7**	**3.9**	**3.2**	**18.6**	**60.6**	**1.3**	**3.7**	**13.4**
Transit average	**11.1**	**13.6**	**10.7**	**12.2**	**36.3**	**79.4**	**4.6**	**11.1**	**27.0**

Source: World Bank.

Table 8
Foreign direct investment net inflows
(Millions of United States dollars)

Landlocked developing countries	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Afghanistan	58	187	271	238	189	94	76	211	83	94
Armenia	121	248	239	453	699	935	778	570	525	489
Azerbaijan	3 285	3 556	1 680	-584	-4 749	14	473	563	1 467	2 005
Bhutan	3	9	6	72	3	7	18	26	10	16
Bolivia (Plurinational State of)	197	85	-288	281	366	513	423	643	859	1 060
Botswana	418	391	279	486	495	521	129	-6	414	293
Burkina Faso	29	14	34	34	344	106	101	35	42	40
Burundi	0	0	1	0	1	4	0	1	3	1
Central African Republic	11	15	10	35	57	117	42	62	37	71
Chad	713	467	-99	-279	-322	466	376	313	282	323
Ethiopia	465	545	265	545	222	109	221	288	627	970
Kazakhstan	2 092	4 157	1 971	6 278	11 119	14 322	13 243	11 551	13 903	14 022
Kyrgyzstan	46	175	43	182	208	377	189	438	694	372
Lao People's Democratic Republic	19	17	28	187	324	228	190	279	301	294
Lesotho	44	56	70	60	106	112	100	114	132	172

Landlocked developing countries	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*
Malawi	66	108	140	36	124	195	49	97	129	129
Mali	132	101	224	83	73	180	748	406	556	310
Mongolia	132	93	188	245	373	845	624	1 691	4 715	4 452
Nepal	15	0	2	-7	6	1	39	87	95	92
Niger	11	20	30	51	129	340	791	940	1 066	793
Paraguay	25	28	35	95	202	209	95	228	215	320
Republic of Moldova	74	83	191	258	541	711	145	197	281	159
Rwanda	3	11	14	31	82	103	119	42	106	160
Swaziland	-61	71	-46	121	37	106	66	136	93	90
Tajikistan	32	272	54	339	360	376	16	16	11	290
The former Yugoslav Republic of Macedonia	113	324	96	433	693	586	201	212	468	135
Turkmenistan	226	354	418	731	856	1 277	4 553	3 631	3 399	3 159
Uganda	202	295	380	644	792	729	842	544	894	1 721
Uzbekistan	83	177	192	174	705	711	842	1 628	1 467	1 094
Zambia	347	364	357	616	1 324	939	695	1 729	1 108	1 066
Zimbabwe	4	9	103	40	69	52	105	166	387	400
Total landlocked developing countries	**8 904**	**12 230**	**6 888**	**11 879**	**15 427**	**25 284**	**26 287**	**26 836**	**34 369**	**34 592**
Total transit countries	**97 212**	**120 306**	**151 889**	**178 233**	**238 898**	**311 747**	**237 254**	**270 534**	**338 175**	**332 627**

Source: United Nations Conference on Trade and Development.
Note: Data for South Sudan is unavailable.

Table 9
Selected social development indicators

	Antiretroviral therapy coverage (percentage of people with advanced HIV infection)		*Human development index*		*Life expectancy at birth, total (years)*		*Mortality rate, under-5, male (per 1,000)*		*Share of women in national parliament (percentage)*	
	2009	*2012*	*2005*	*2012*	*2003*	*2012*	*2010*	*2012*	*2003*	*2012*
Afghanistan	1	8	46.6	49.1	56.1	60.5	106.7	101.5		27.7
Armenia	17	35	73.2	74.4	72.6	74.4	20.2	18.2	3.1	8.4

	Antiretroviral therapy coverage (percentage of people with advanced HIV infection)		Human development index		Life expectancy at birth, total (years)		Mortality rate, under-5, male (per 1,000)		Share of women in national parliament (percentage)	
	2009	2012	2005	2012	2005	2012	2010	2012	2005	2012
Azerbaijan	8	24	69.0	70.9	68.0	70.6	41.5	38.0	10.5	16.0
Bhutan	13	12	64.8	67.6	62.6	67.9	52.2	48.6	9.3	8.5
Bolivia (Plurinational State of)	16	35	64.7	66.9	64.0	66.9	48.9	45.2	18.5	25.4
Botswana	82	95	50.6	53.0	47.7	47.0	62.0	57.5	17.0	7.9
Burkina Faso	44	70	52.5	55.9	51.7	55.9	119.7	107.5	11.7	15.3
Burundi	38	58	47.8	50.9	49.2	53.6	118.6	110.8	18.4	30.5
Central African Republic	..	..	44.4	49.1	44.2	49.5	144.3	134.9	7.3	12.5
Chad	36	40	48.1	49.9	47.1	50.7	166.2	157.0	5.8	12.8
Ethiopia	36	60	55.2	59.7	54.6	63.0	82.5	74.2	7.7	27.8
Kazakhstan	..	..	65.2	67.4	65.9	69.6	25.2	21.5	10.4	24.3
Kyrgyzstan	19	23	66.6	68.0	68.3	70.0	34.9	29.7	10.0	23.3
Lao People's Democratic Republic	40	51	64.5	67.8	63.4	67.8	83.5	76.6	22.9	25.0
Lesotho	44	54	44.3	48.7	43.8	48.8	115.3	106.5	11.7	24.2
Malawi	..	..	49.0	54.8	73.8	75.0	10.6	7.9	9.3	22.3
Mali	40	69	49.0	51.9	47.3	54.7	87.8	75.6	10.2	10.2
Republic of Moldova	42	52	67.9	69.6	50.5	54.6	143.8	133.7	12.9	19.8
Mongolia	16	29	66.0	68.8	67.5	68.7	20.9	19.6	10.5	3.9
Nepal	5	5	65.6	69.1	64.4	67.3	35.8	32.6		33.2
Niger	13	33	51.7	55.1	63.7	68.0	48.0	44.1	1.2	13.3
Paraguay	26	46	71.2	72.7	52.8	58.0	130.1	117.0	2.5	12.5
Rwanda	62	73	52.3	55.7	70.9	72.2	26.0	24.3	25.7	56.3
Swaziland	69	87	45.9	48.9	51.9	63.5	68.0	59.0	3.1	13.6
Tajikistan	56	82	65.4	67.8	46.0	48.9	96.9	84.5	12.7	19.0
The former Yugoslav Republic of Macedonia	13	28	73.8	75.0	64.9	67.3	68.4	64.1	18.3	30.9
Turkmenistan	..	..	64.4	65.2	64.2	65.3	64.2	60.3	26.0	16.8
Uganda	37	64	50.2	54.5	50.9	58.6	85.1	75.1	24.7	35.0
Uzbekistan	13	43	67.2	68.6	67.2	68.1	48.1	45.0	7.2	22.0
Zambia	57	79	44.4	49.4	44.5	57.0	106.5	94.1	12.0	11.5

	Antiretroviral therapy coverage (percentage of people with advanced HIV infection)		*Human development index*		*Life expectancy at birth, total (years)*		*Mortality rate, under-5, male (per 1,000)*		*Share of women in national parliament (percentage)*	
	2009	*2012*	*2005*	*2012*	*2003*	*2012*	*2010*	*2012*	*2003*	*2012*
Zimbabwe	37	79	44.0	52.7	42.9	58.0	103.7	96.0	10.0	15.0
Average landlocked developing countries	**28**	**48**	**57.6**	**60.6**	**56.5**	**62.0**	**82.6**	**75.5**	**12.1**	**20.2**

Source: World Bank and United Nations Development Programme.
Note: Data for South Sudan is unavailable.

Table 10
Manufacturing value addition and inflation

	Manufacturing value addition (percentage of gross domestic product)			*Inflation, average consumer prices (percentage change)*	
Landlocked developing countries	*2003*	*2010*	*2011*	*2011*	*2012*
Afghanistan	17.1	12.9	13.1	10.4	4.4
Armenia	16.8	10.7	10.6	7.7	2.5
Azerbaijan	9.4	5.8		7.9	1.1
Bhutan	7.4	9.1	9.3	8.9	9.7
Bolivia (Plurinational State of)	14.7	13.9	13.3	9.9	4.5
Botswana	4.1	4.0	4.2	8.5	7.5
Burkina Faso	14.3	7.8	6.7	2.8	3.6
Burundi	14.5	10.5	10.0	14.9	11.8
Central African Republic	7.3			1.2	5.2
Chad	8.0			1.9	7.7
Ethiopia	5.7	3.9	3.6	33.2	22.8
Kazakhstan	15.3	13.1	13.5	8.3	5.1
Kyrgyzstan	14.6	18.9	20.6	16.6	2.8
Lao People's Democratic Republic	8.7	7.5	7.6	7.6	4.3
Lesotho	21.2	12.8	11.7	5.6	5.3
Malawi	11.9	12.0	11.9	7.6	3.3
Mali	2.8			3.1	21.3
Republic of Moldova	18.3	12.7	13.5	7.7	0.5

Landlocked developing countries	*Manufacturing value addition (percentage of gross domestic product)*			*Inflation, average consumer prices (percentage change)*	
	2003	*2010*	*2011*	*2011*	*2012*
Mongolia	7.5	7.3	7.1	7.7	5.3
Nepal	8.4	6.5	6.4	9.6	4.7
Niger	6.3			2.9	15.0
Paraguay	15.0	12.2	11.9	8.3	8.3
Rwanda	6.8	6.6	6.6	5.7	3.8
Swaziland	39.9	42.6	42.2	6.1	6.3
Tajikistan	31.3	9.5	8.3	12.4	8.9
The former Yugoslav Republic of Macedonia	17.5	14.4	13.9	3.9	5.8
Turkmenistan	18.6			5.3	4.9
Uganda	7.5	8.3	8.2	18.7	14.1
Uzbekistan	9.2	9.0	8.6	12.8	12.1
Zambia	12.0	8.9	8.4	8.7	6.6
Zimbabwe	13.6	17.9	17.1	3.5	3.7
Average landlocked developing countries	**13.1**	**11.5**	**11.5**	**10.0**	**7.3**
Average transit developing countries	**14.1**	**14.1**	**14.6**	**7.2**	**5.8**

Source: World Bank and International Monetary Fund.

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Item 124 (q) of the provisional agenda*
Cooperation between the United Nations and regional and other organizations

Cooperation between the United Nations and the Organization for the Prohibition of Chemical Weapons

Note by the Secretary-General

1. The report of the Organization for the Prohibition of Chemical Weapons on the implementation of the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction for 2012 is hereby transmitted to the General Assembly pursuant to the provisions of article IV, paragraph 1, of the Agreement concerning the Relationship between the United Nations and the Organization for the Prohibition of Chemical Weapons (General Assembly resolution 55/283, annex). At the request of the Organization, its draft report for 2013 is also transmitted hereby in order to provide Member States with the most up-to-date information.

2. As only a limited number of copies of the reports are available, it has not been possible to make a full distribution. Delegations are therefore requested to utilize the copies transmitted to them at the time of the discussion of the agenda item.

* A/69/150.

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